Weekend FT

Inside section II
20 Pages

The Olympics: The power and the glory
Pages I & VII

Burgundy: Chateaux and red, red wine
Page VIII

Look out London - here comes Lacroix
Page XV

Aids research
The path towards a vaccine
Page 8

FINANCIAL TIMES

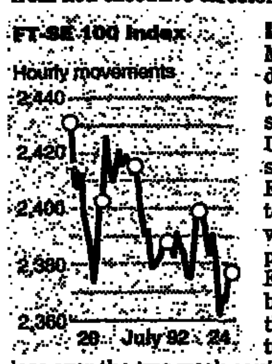
Weekend July 25/July 26 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

Fokker deal may trigger aircraft industry shake-up

Daimler Benz, Germany's largest industrial group, is to take control of Dutch aircraft maker Fokker in a deal that could trigger a wide restructuring of the European regional aircraft industry. The move is likely to put pressure on other manufacturers to accelerate their efforts to find partners in an industry dogged by overcapacity. Page 24

Iranians deported: Britain is to deport three Iranians, two of them locally engaged embassy officials, for reasons of "national security". At least one is thought to have been involved in keeping track of author Salman Rushdie. Page 4

Albert Fisher: Tony Millar, who built Albert Fisher into an international fruit and vegetable company worth more than £780m at its peak, resigned as executive chairman after pressure from non-executive directors. Page 10; Lex, Page 24



London equities: Middle East tensions dealt a further blow to confidence, with share prices in the UK reacting more severely than other European bourses to reports that US warships had been placed on alert. The FT-SE index rallied before the close, but the day's fall of 22.3 to 2,377.2 made a total loss over the two-week equity account of 4.6 per cent. Page 15; Lex, Page 24; Wkd II

Shadow cabinet: Gordon Brown and Tony Blair took the top jobs in Labour's "new-look" shadow cabinet, winning the chancellorship and home affairs portfolios respectively. Jack Cunningham takes the foreign affairs job, while Robin Cook moves to trade and industry. Page 24

Westland, UK's only helicopter maker, has won part of a Canadian C$4.4bn (£1.94bn) order for 50 marine helicopters. Page 24

German inflation falls: The expected sharp fall in west German inflation during July was confirmed by figures showing a 1 percentage point drop in the rate of price increases in three important states. Page 2

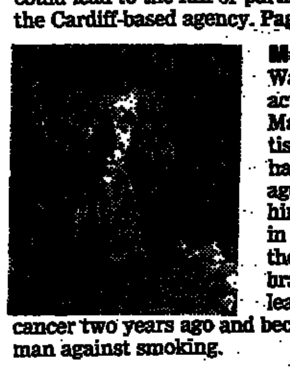
PSBR: Sagging tax receipts from company profits are likely to push up government borrowing over the next few years to above official forecasts, the Treasury admits. Page 4

N-arms cuts: Further cuts in strategic nuclear missiles are possible beyond those already agreed between the US and Russia, but future negotiations must include the UK, France and China, according to the Russian defence minister. Page 2

Lovell: Police are investigating Lovell, a private Newcastle-based stockbroking firm, after the Securities and Futures Association expelled the firm on the grounds it was no longer fit to carry out investment business. Page 4

Beer wars: The US imposed a 50 per cent duty on imports of beer brewed or bottled in Ontario in retaliation for alleged "discriminatory" practices against American beer. Page 2; Lex, Page 24

Companies House review: The DTI is to undertake a review of Companies House that could lead to the full or partial privatisation of the Cardiff-based agency. Page 6



Marlboro Man dies: Wayne McLaren, the actor who posed as Marlboro Man in advertising posters worldwide, has died of lung cancer aged 51. McLaren, hired by Philip Morris in 1975 to promote the company's Marlboro brand of cigarettes, learnt he had lung cancer two years ago and became a leading spokesman against smoking.

Nissan UK: Damages of £804,860 were awarded against car distributor Nissan UK after a High Court judge ruled a former assistant managing director had been unfairly dismissed. The award is believed to be the largest of its kind. Page 6

Cricket: England were 216 for one in reply to Pakistan's 197 all out at the end of the second day of the fourth Test at Headingley.

■ STOCK MARKET INDICES		
FT-SE 100:	2,377.2	(−22.3)
Yield	5.14	
FT-SE Eurotrack 100	1,052.53	(−7.00)
FT-A All-Share	1,130.01	(−0.9%)
Nikkei	15,497.79	(−542.15)
New York lunchtime:		
Dow Jones Ind Ave	3,284.09	(−5.95)
S&P Composite	410.85	(−1.23)
■ US LUNCHTIME RATES		
Federal Funds:	3%	
3-mo Treas Bills: Yld	3.219%	
Long Bond	105 3/16	
Yield	7.551%	
■ LONDON MONEY		
3-mo Interbank	10 7/16 %	(10 3/8 %)
Liffe long gilt future:	Sep 98 1/32	(Sep 98 1/32)
■ NORTH SEA OIL (Argus)		
Brent 15-day Sep	$20,625	(20.525)
■ Gold		
New York Comex Jul	$359.3	(358.6)
London	$358.45	(358.75)

■ STERLING		
New York lunchtime:		
$	1.897	
London:		
$	1.9	(1.9135)
DM	2.85	(2.8375)
FFr	9.62	(9.5825)
SFr	2.525	(2.5175)
Y	242.5	(242.25)
£ Index	92.0	(92.0)
■ DOLLAR		
New York lunchtime:		
DM	1.5005	
FFr	5.067	
SFr	1.3292	
Y	127.85	
London:		
DM	1.4995	(1.4835)
FFr	5.0625	(5.0075)
SFr	1.3285	(1.316)
Y	127.85	(126.6)
$ Index	61.8	(60.5)
Tokyo close Y 126.9		

For customer service and other general enquiries call:

Frankfurt
(69) 15685150

Military strike threatened unless Baghdad allows weapons inspection

Iraq to face UN ultimatum

By Jurek Martin in Washington, Michael Littlejohns in New York and Robert Mauthner in London

THE US, Britain and France were last night on the verge of issuing a formal and final ultimatum to Iraq warning that Baghdad faces a military strike unless it allows United Nations inspectors access to its weapons of mass destruction programme.

The western powers want UN inspectors to enter a Baghdad *ministry suspected of housing* details of Iraq's nuclear and possibly chemical weapons programme.

As the crisis over Iraqi obstruction to the UN inspectors appeared to be reaching its climax, President George Bush cancelled plans to be away from Washington over the weekend, which he had been due to spend at his holiday home in Kennebunkport.

Mr Marlin Fitzwater, the White House spokesman, said Mr Bush would instead be meeting his top national security advisers today at the presidential retreat of *Camp David, near Washington.*

US officials had earlier confirmed that the ultimatum, which could be issued in the name of the UN secretary-general or the Security Council, but which would be open to others to join, might be made public as early as this weekend and could require Iraqi compliance within a matter of days.

Though confirming the moves towards the drawing up of an ultimatum, British officials in London warned against the assumption that military action was now a foregone conclusion. They considered that there was *still a reasonable chance that* President Saddam would "blink" at the last moment, once he had finally understood that the western powers were serious in threatening military force.

Mr Rolf Ekeus, the head of the UN inspection commission, also appeared hopeful last night that the crisis might be resolved without resort to military measures, following two rounds of talks in New York with Dr Abdul Amir al-Anbari, the Iraqi delegate to the UN.

The team of UN inspectors left Iraq on Friday after a long and acrimonious dispute with Iraqi *officials, who refused to let them* enter the ministry building on the grounds that such a move would violate Iraqi sovereignty.

Military contingency plans are being held a closely guarded secret, but it is widely assumed that American, British and French aircraft would lead the bombing of selected Iraqi targets if the ultimatum is ignored. No ground assault is reportedly contemplated at this stage.

The US Defence Department said there were at present approximately 21,000 US servicemen in the Gulf area, mostly aboard 17 warships, including *one aircraft carrier, in the Gulf* itself and six in the Red Sea. A second aircraft carrier is in the Adriatic. Sh

Two held after travel group collapses

By Michael Skapinker, Leisure Industries Correspondent

ABOUT 50,000 people who booked holidays with coach tour operator Land Travel have little prospect of recovering their money after the Bath-based company *went into liquidation yesterday* and two of its top executives were arrested.

Last night, Avon and Somerset police said Valere Tjolle, company chairman, and Ms Theresa McDermott, company secretary, had been released on bail without charge after helping with inquiries "into allegations of fraud."

Another 2,500 people, already on holiday on the Continent, were last night struggling to get back home after the collapse as it emerged

that Land Travel was not a member of the Association of British Travel Agents (Abta) or of the Bus and Coach Council.

As a result, customers were not covered by any guarantee that they would receive their money back or be brought home.

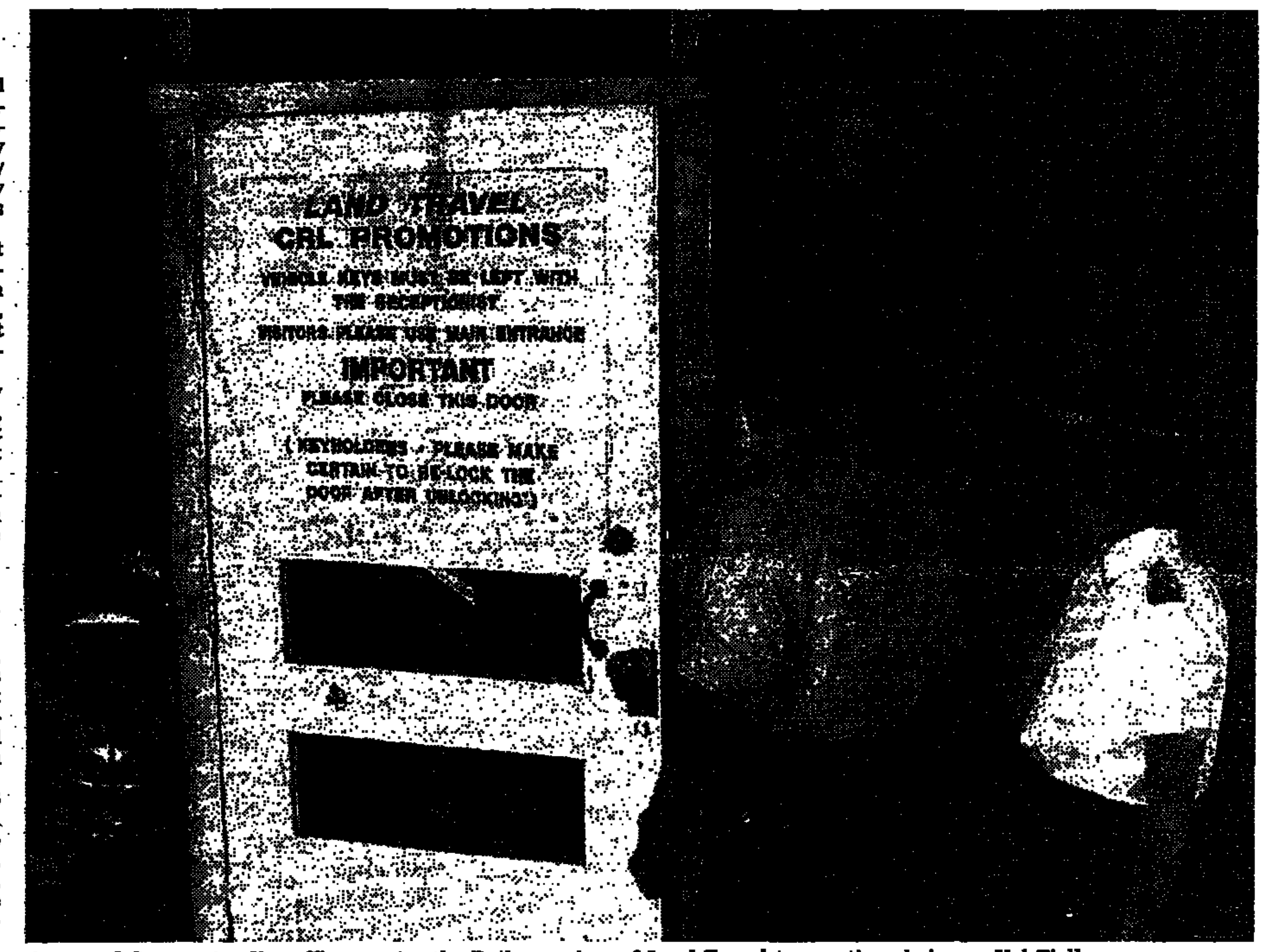
Liquidators Grant Thornton, who moved into the company's offices yesterday morning, said it was already apparent that customers and other creditors would not receive any payment from the company.

The Foreign Office said 106 coaches carrying Land Travel customers were heading back to the UK from Czechoslovakia, Austria, France, Germany, Spain, Italy and Holland. It said there was little likelihood of holidaymakers being stranded abroad.

However, British consulates on the Continent have been told to be ready to deal with any tourists unable to get back home.

The ferry companies P&O and Sealink said they would ensure that all Land Travel customers were able to cross the Channel to the UK even if they did not have valid tickets.

Grant Thornton said that 140 full-time Land Travel employees and 200 part-time staff were made redundant yesterday.



Avon and Somerset police officers enter the Bath premises of Land Travel to question chairman Val Tjolle

The collapse of Land Travel follows warnings by tourist industry executives that heavy discounting could lead to company failures during the summer. Grant Thornton said that in one instance the company had offered a six-day holiday in luxury accommodation in Paris for £59.

In a statement issued through the liquidators, Mr Tjolle said price-cutting had been responsible for the company's collapse. "Operating in a very difficult market, we tried an ambitious price discounting strategy. Although customers were delighted with the service and outstanding value for money they were *enjoying*, unfortunately the dramatic increase in demand over-extended our

Continued on Page 24

Wellcome worldwide share issue set to meet target

By Paul Abrahams and Sara Webb

WELLCOME TRUST, the UK medical charity, last night appeared to have met its target of selling more than half of its 73.5 per cent stake in Wellcome, the drugs group.

The issue, concluded in spite of adverse market conditions, would be the largest non-privatisation secondary offer ever achieved.

Robert Fleming, the merchant bank handling the global share sale, is understood to have received offers for more than 360m shares at a price above 800p. The trust has indicated it wanted to sell about 330m shares.

Wellcome's shares fell 4p to 826p. The shares are likely to be offered at a small discount close to the 800p floor set by the trust.

Demand in the UK and the US is understood to have strengthened considerably in the past few days and to have exceeded targets. In the UK, applications for about 200m shares may have been received against a target of 150m. US applications are thought to total 80m-100m against a target of 80m.

The Japanese syndicate, led by Nikko Securities and Nomura Securities, is expected to have received applications for nearly 20m shares against a target of 25m. The poor state of the Japanese equity market has made it difficult to release funds.

Demand from continental Europe has been poor, while Canada has been particularly disappointing. The UK retail offer received applications about £100m of stock, less than the £180m set aside, representing 15m shares against a target of 20m. The scale of the offer and the strike price will be decided by Mr Roger Gibbs, trust chairman. A decision will be made by Sunday when allocations will be made.

The seven non-UK regional syndicates will fly to London for meetings with Fleming today. Allocations will be decided by the level of bids and their timing as well as their quality. The trust and company are anxious for an orderly after-market and will allocate shares to those appearing most willing to keep them.

Fleming is also understood to be anxious to punish those who drove the company's share price down in the weeks before the offer by refusing them shares.

The trust and its advisers have maintained a "green-shoe" option which allows Fleming to buy back shares for the trust from the market if it considers there has been over-allocation.

London stocks, Page 15

Japanese group may sue over County Hall delay

By Andrew Adonis

THE JAPANESE company bidding to develop London's County Hall is considering suing the government over what it claims are losses it has incurred while waiting for confirmation of *its plans for the landmark site.*

The Osaka-based Shirayama Corporation is furious at the government's continued failure to rule out a rival bid from the London School of Economics.

Mr Michael Howard, the environment secretary, decided earlier this week to allow the London School of Economics to submit a formal bid to move to County Hall, opposite the Houses of Parliament on the south bank of the river Thames, in spite of the government's agreement with Shirayama for a hotel complex on the site.

The LSE, which is based in cramped premises off Aldwych, has been given until the end of the month to submit a fully-costed scheme, after which Mr Howard will take a final decision. The existing sale contract, agreed by Mr Michael Heseltine, environment secretary until the election, gives the government until the end of the year to withdraw from the scheme.

Mr John Ashworth, director of the LSE, said a formal bid "would be forthcoming". Since it is unlikely to match the Shirayama bid – believed to be between £50m and £60m net – much will depend on the balance of ministerial forces in its support.

Earlier this month Mr Makoto *Toyota, Shirayama's London* agent, said he was "sick to death" at the continued uncertainty and "desperate" for an early decision.

Matters came to a head when Mr Takisha Shirayama met Mr Howard this week, to be told the government had still not made a definite decision on the sale of the building, which is owned by the London Residuary Body on behalf of the London boroughs.

According to the Environment Department, Mr Howard has since written to Mr Shirayama saying that he "understood the concerns that were expressed and recognised the need to settle the uncertainty as soon as possible".

CONTENTS

Austria Sch30; Bahrain Din1 000; Bermuda $1.65; Belgium BFr60; China FEC 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft182; Iceland IKR180; India Rup20; Indonesia Rp3,800; Israel NS6.50; Italy L2500; Japan Y500; Jordan JD1.20; Korea Won 2500; Kuwait Fils.500; Lebanon US$1.25; Luxembourg LFr60; Malaysia Rin4 50; Malta Lm0.50; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.20; Pakistan Rs35; Philippines Pso 45; Poland Zl 18000; Portugal Esc190; Qatar QR10.00; S.Arabia Ris9.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$65; Thailand Bht50; Tunisia Din1.000; Turkey L6000; UAE Dh9.00; USA $1.25. (Alaska & Hawaii $1.75)

FINANCIAL TIMES © FT No 31,819 Week No 30 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Inflation slows in key German states

By Christopher Parkes in Bonn

THE EXPECTED sharp fall in west German inflation this month has been confirmed, with latest figures showing a one percentage point drop in the rate of price increases in three important states.

Figures released yesterday showed year-on-year inflation was only 2.7 per cent in Hesse and 3.2 per cent in Baden-Württemberg. North Rhine-Westphalia, the most populous state, reported a 3.2 per cent rise on Thursday.

The news, while received calmly in the markets, prompted an extraordinary double-take in the finance ministry. A press release quoting Mr Theo Waigel, finance minister, as saying that the fall below 4 per cent "supports the possibility that the Bundesbank will relax monetary policy in the foreseeable future" was later withdrawn.

The finance ministry blamed a "technical mistake"; the statement had not been cleared by Mr Waigel, it said. "The Bundesbank had nothing at all to do with it," a spokesman claimed.

Although welcome, the slowdown was almost wholly attributable to a technical adjustment as increases in petrol duties and telephone charges introduced in June last year dropped out of the year-on-year calculations.

While aggregate inflation for west Germany will not be officially published for a week or more, the latest figures confirm the widely forecast cut. But underlying influences are still not easing. The federal statistics office said the rate of increase in producer prices was 2 per cent in July, compared with the same figure in June and 1.9 per cent in May.

Above-average rises for heavy heating oil, up 5.7 per cent, and butter, up 6.9 per cent, cancelled out reduced costs for steel and plastics.

The Bundesbank, which allows no interference from Bonn in its monetary policy-making, last week raised its discount rate from 8 per cent to 8.75 per cent in pursuit of its twin aims of lower inflation and tighter money supply.

The move, unpopular with government ministers who are under pressure from their international colleagues because of high German interest rates, was made in the knowledge that inflation would fall this month.

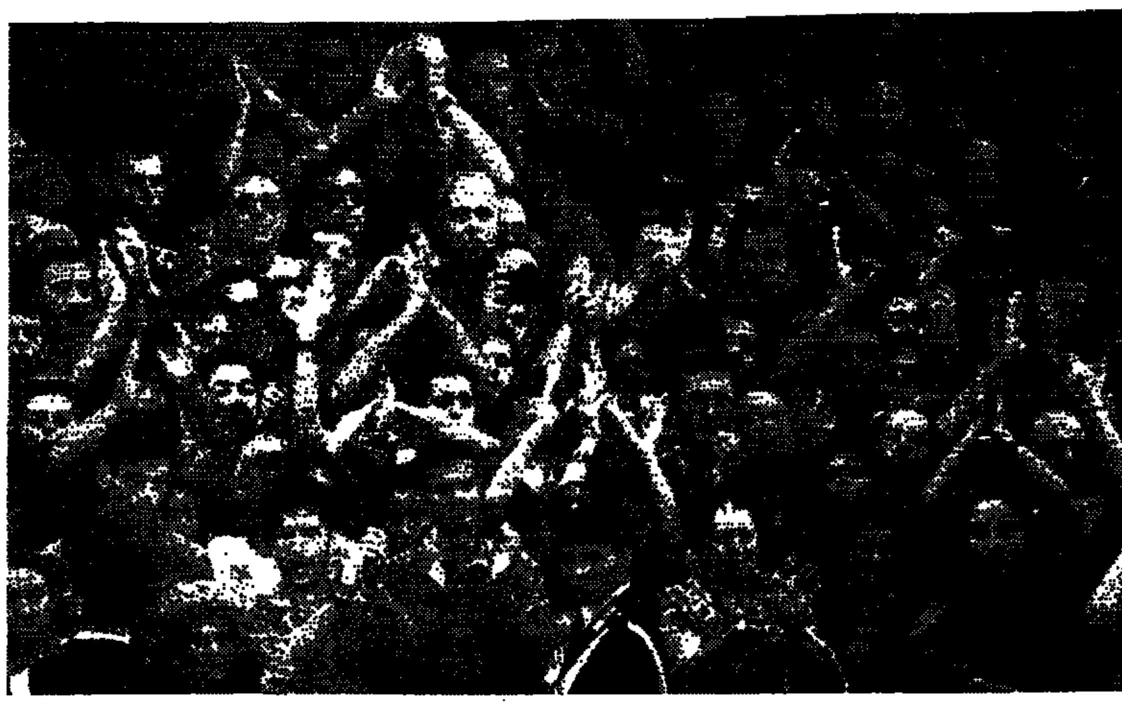
The Organisation for Economic Co-operation and Development's annual report on Germany had earlier said the Bundesbank should keep rates high for as long as necessary to squeeze inflation out of the economy. It suggested a target of 2 per cent a year or less.

Although inflationary pressure is expected to remain muted for the rest of this year, there is some concern that a burst of consumer spending, prompted by cancellation of a 7.5 per cent income tax surcharge at the end of June, may tempt manufacturers and retailers to pass on pent-up cost increases.

The results of this year's average 5.8 per cent wage awards are already showing through in above average inflation in service industries. The housing shortage is pushing up rents rapidly.

A 0.5 per cent increase in inflation is already programmed for January as a result of an increase in value added tax from 14 per cent to 15 per cent.

Thousands turn out for funeral of anti-Mafia judge in Palermo



Some 8,000 Sicilians who turned out to mourn leading anti-Mafia judge Paolo Borsellino in Palermo yesterday clapped the cortege and hurled insults at Italy's police chief, Reuter reports. Judge Borsellino was killed by a car bomb with five bodyguards last Sunday. Police said they had charged a private security guard with aiding crime. He was alleged to have refused to testify although he was present when the bomb went off.

The Italian government yesterday used a confidence vote to push a tough anti-Mafia package through the Senate, parliament's upper house. The Senate approved stiff new laws against organised crime by 168 votes to 106. The legislation now goes to the Chamber of Deputies.

A new anti-Mafia chief prosecutor and other investigators will have wider, streamlined powers to fight gangsters, including the use of undercover "sting" operations, wiretaps and infiltrators. The package also gives police the power to carry out searches without warrants, a measure previously adopted in the fight against terrorism of the 1970s and 1980s.

Security was strict at yesterday's funeral. Several hundred police and paramilitary police lined crash barriers outside the church, and sharpshooters manned the tops of nearby blocks of flats.

Police had warned that both Mr Borsellino and a judge investigating the corruption scandal in Milan were on the Mafia's death-list, newspapers reported yesterday. A report by paramilitary police, dated three days before Mr Borsellino's murder, warned that organised crime was preparing to kill both him and Milan judge Antonio Di Pietro (pictured above right).

Bush heckled as Indochina adds to woes

By Jurek Martin in Washington

PRESIDENT George Bush yesterday morning rounded off a difficult political week by finding himself in a public shouting match with families of Americans taken prisoner or missing in action in Indochina.

He was confronted by hecklers yelling "release all files" and "tell the truth," and was forced to break off prepared remarks designed to follow up his order to the Pentagon to make public documents relating to the fate of the 2,266 Americans still unaccounted for in the Vietnam war.

After five minutes, during which he exchanged heated remarks with one of the organisers of the meeting, Mr Bush returned to the microphone to defend his record. At one stage he was again interrupted and angrily shouted back: "Will you please shut up and sit down." It was "simply, totally unfair" to suggest he had suppressed information about missing servicemen.

Mr Bush also denied he had been party to the alleged scheme by the Reagan-Bush campaign in 1980 to delay release of the US hostages in Iran until after the election. "What kind of allegation is that to make against a patriot?" he declared.

The Iran connection also reared its potentially embarrassing head with the opening prosecution statement yesterday in the trial of Mr Clair George, the senior Central Intelligence Agency official charged with complicity in the Iran-Contra affair.

Mr Craig Gillen, prosecuting attorney, said he would prove there was a "massive cover-up" involving the CIA and other organs of government to conceal Lt Col Oliver North's operation, run from the White House, to resupply Nicaraguan rebels with proceeds of clandestine arms sales to Iran.

Mr Caspar Weinberger, former defence secretary, has also been indicted on separate Iran-Contra charges. Mr Gillen has previously said he expected other prosecutions of members of the Reagan administration, in which Mr Bush served as vice president, to follow.

US orders for durable goods rise in June

By Jurek Martin

US DURABLE goods orders rose by 2.3 per cent in June, reversing the 2.2 per cent decline of the previous month and underlining the bumpy course on which the economy is now set.

The monthly increase exceeded market expectations and suggests that the July industrial production figures will improve on last month's 0.3 per cent drop.

Most industrial sectors shared in the increase, though transportation orders, which had fallen steeply in May, went up by less than most.

Yesterday's report adds some substance to the more optimistic mid-year White House economic forecasts published on Thursday afternoon. These project real annual growth of 2.7 per cent this year, up from the 2.2 per cent estimate of January, with unemployment dropping to an average 6.9 per cent in the fourth quarter from the 7.8 per cent recorded in June.

While these figures are pretty much in the range of many private analysts' projections, accompanying comments by administration officials were criticised for their overtly political content.

Both Mr Nicholas Brady, treasury secretary, and Mr Richard Darman, budget director, claimed that if Congress had passed the president's economic proposals the economy would not be in its present problematic state. Senator James Sasser, the Democrat from Tennessee, promptly recalled the presidential veto of an economic recovery bill which contained tax increases.

Some more doctrinaire Republican conservatives, led by Mr Jack Kemp, housing secretary, are urging President George Bush to "reinvigorate" his economic proposals by calling for even steeper tax cuts, including a 50 per cent reduction in capital gains taxes. They want their blueprint included in the Republican party election platform, to be decided next month.

Mr Alan Greenspan, Federal Reserve chairman, told Congress this week the economy should gain momentum soon, but that unemployment was likely to remain above 7 per cent for the rest of this year.

US hits back at Canadian beer

By Nancy Dunne in Washington

THE US-Canadian beer war came to a head yesterday when the US imposed a new 50 per cent duty on imports of beer brewed or bottled in Ontario in retaliation for alleged "discriminatory" practices against American beer.

It is the first time the US has imposed sanctions against an individual state or province in a trade dispute. Molson and Labatt, two large Ontario brewers, are expected to suffer the most severe damage.

The US has already twice taken its complaints on beer to the General Agreement on Tariffs and Trade (Gatt) and won panel rulings.

Canada has its own complaints against the US, but US officials estimate the damages incurred by American brewers at $80m compared with $5m in damages inflicted by US practices.

Mr Julius Katz, deputy US trade representative, said in a written statement that although the US had an outstanding dispute with Quebec, "unlike Ontario, all other provinces have demonstrated good faith in their efforts to implement the findings of the Gatt panel and to make their practices conform with Gatt rules".

Deadlines set in US trade law forced the US to act now, on the eve of a key talks between President Bush, Mr Brian Mulroney, Canada's prime minister, and President Carlos Salinas of Mexico on the formation of the proposed North American Free Agreement (Nafta) in Mexico City. Clearly US officials hope to contain the damage to the Nafta talks by limiting sanctions to Ontario.

Russians offer deep nuclear arms cuts

By Neil Buckley

FURTHER cuts in strategic nuclear missiles are possible beyond those already agreed between the US and Russia, but future negotiations must include the UK, France and China, General Pavel Grachev, the Russian defence minister, said yesterday.

Gen Grachev was speaking at the Royal United Services Institute at the end of a four-day visit to London. He said Russian scientists had estimated that further reductions below the 3,000-3,500 on each side agreed between the US and Russia this year were possible, on condition that the anti-ballistic missile treaty of 1972, which laid down strict guidelines on the deployment of defences against offensive nuclear missiles, was observed.

If such cuts were to become a reality, however, Gen Grachev said weapons outside the US and Russia, would have to be considered.

"In our view, subsequent reduction of strategic offensive weapons should be considered as a multilateral process, and should consider the inter-relationship between cuts already made by the US and Russia, and weapons in Great Britain, France and China," he said.

Without the participation of these countries, Gen Grachev suggested, "further reduction of nuclear weapons will become a destabilising factor not only for Russia, but for the whole world."

Gen Grachev said that Russia, which decided in May to set up its own national armed forces, no longer regarded any state in the world as its enemy. It believed that world peace should be preserved on the basis of a balance of mutual interest, rather than a balance of force, and was "definitely against war as a means of reaching political and economic agreements."

Russia, however, was still committed to defending its independence and integrity, and would maintain its military strength at a level that ensured deterrence against any potential aggressor.

He said that while the cold war was ever, the threat of small, local conflicts had increased, especially in eastern Europe.

Gen Grachev warned of leaders in other former Soviet republics who were "playing the nationalist card, sometimes counter to the interests of their people."

● Russia has agreed to become a founding member of a consortium to build a pipeline to transport oil from the Caspian sea region to world markets, joining Kazakhstan, Azerbaijan, and the Sultanate of Oman. Oman will arrange financing for the project, expected to cost between $700m and £1.5bn depending on choice of routes, with Kazakhstan, Azerbaijan, and Russia contributing labour, materials, equipment, and rights of way. The pipeline will be an important link between western markets and Kazakhstan, which recently signed a deal with Chevron, the US oil company, to develop the giant Tengiz oilfield.

Trade talks plea at Madrid summit

By Stephen Fidler, Latin America Editor, in Madrid

LEADERS from Spain, Portugal and Latin America closed the working sessions of their summit in Madrid yesterday, expressing concern that failure of the Uruguay round of trade negotiations would jeopardise economic reforms of recent years.

The second day of the summit – the second held by the leaders of the Spanish and Portuguese speaking countries of Latin America and the Iberian Peninsula – was taken up by economic issues. The leaders were expected to reaffirm the importance of their economic reforms, but also expressed a preoccupation with protectionist trends. Many countries in Latin America have unilaterally lowered trade barriers, but meet frustration in selling products to industrialised countries, including the EC.

Seventeen Latin leaders including Cuba's Fidel Castro attended the summit, which was expected to back a declaration underlining the importance of "representative democracy" and respect for human rights. Despite openly expressed pressure on Mr Castro to reform his political system, the Cuban leader was apparently unrepentant.

He used his speech to the opening session for an attack on the US, accusing it of trying to govern the planet and through its "blockade" of Cuba of "genocide".

Arabs cautious about curb on Israeli settlements

By Tony Walker in Cairo

ARAB foreign ministers meeting in Damascus have described as "ambiguous" moves by the new Israeli government to curb settlement activity in the occupied territories

But officials at the meeting, convened by Syria to plan tactics for the next round of Middle East talks, were expected to agree to the session going ahead, perhaps as soon as next month in Washington.

Briefing reporters after discussions involving representatives of Lebanon, Syria and a joint Jordanian-Palestinian team, Mr Farouk al-Shara, the Syrian foreign minister, said steps taken by the new government of Mr Yitzhak Rabin had not provided the "minimum level required to push forward the peace process".

Israel's Arab neighbours, including the Palestinians, are demanding that it freeze all settlement activity, and also reaffirm its commitment to negotiate within a framework of United Nations resolutions that call for an Israeli withdrawal from land occupied in the 1967 war.

Arab and Israeli participants in the US-sponsored peace negotiations launched in Madrid last October will decide soon whether to bring forward the sixth round of peace talks, originally scheduled to be held in Rome in September.

Mr James Baker, the US secretary of state, who concluded a Middle East tour in Saudi Arabia yesterday pressed the Arabs and Israel to resume talking as soon as possible to capitalise on improved prospects for peace generated by the defeat of the hardline government of Mr Yitzhak Shamir.

In Damascus yesterday, Palestinian delegates from the occupied territories, led by Dr Haider Abdel-Shafi, joined Palestine Liberation Organisation officials in the Damascus discussions.

The previous Israeli government had banned contacts between Palestinians in the territories and the PLO. Mr Rabin has indicated greater flexibility.

French minister admits he knew of Aids-infected blood

By Alice Rawsthorn and Reuters in Paris

MR Edmond Hervé, former French junior health minister, yesterday told a Paris court he knew in June 1985 that blood stocks being used in transfusions were contaminated with the Aids virus.

He said, however, that he had followed the unanimous advice of experts in allowing blood stocks to be used for a transitional period before blood disinfected by heating became available.

Mr Hervé appeared as a witness in the trial of four former senior health officials charged with allowing blood to be used for transfusions which they knew to be infected with the Aids virus.

Mr Laurent Fabius, first secretary of the socialist party and prime minister at the time the victims were given their transfusions, was due to testify yesterday with Mr Hervé and another member of his government, Ms Georgina Dufoix, then social affairs minister.

It is not yet known exactly how many people contracted the Aids virus in France after receiving contaminated blood. At least 1,200 haemophiliacs have already had the virus and more than 250 have died.

The lawyers representing the victims claim that the final tally of sufferers will run to several thousand.

The four health officials on trial have been accused of using the blood even though they were aware that disinfection techniques were available and that Aids-free supplies were available from other countries.

Murdoch pulls out of E German tabloid

GERMAN publisher Mr Hubert Burda said yesterday the brash Super! tabloid sold in eastern Germany had been forced to close yesterday after Mr Rupert Murdoch, the Australian-born publisher, decided to pull out of the one-year-old venture, Reuter reports from Berlin.

Mr Burda said that high unemployment in eastern Germany, a harshly competitive newspaper market and a lack of advertising revenue made it impossible to make the tabloid profitable in the near term.

Mr Murdoch's German subsidiary decided on Wednesday to pull out of Super!.

"We're all standing here in tears," a senior manager of the paper's 180 staff said.

The newspaper, whose sex and crime formula competed directly against the Bild tabloid owned Axel Springer, had been making heavy losses, she said.

Super! sold 375,000 in eastern Germany, well below the 490,000 achieved by Bild. Mr Burda said he did not want to run the loss-making business by himself.

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

DESIGNER KISSES: Yves Saint Laurent is congratulated by one of his models

New fashions live on old money

By Alice Rawsthorn in Paris

THE WORLD'S most expensive fashion collections will be unveiled in Paris this weekend with the start of the autumn haute couture fashion shows.

Logic suggests that couture – very pricey at £10,000 for a hand-made suit or £30,000 for an evening dress – should be one of the most vulnerable areas of the depressed luxury goods industry. And sales did indeed fall a few years ago at the onset of the world recession, but recently the market has shown surprising resilience.

The turnover of the Paris couture houses remained stable at £32m last year, according to the Chambre Syndicale de la Couture Parisienne. This compares with an overall decline of 10 per cent in sales of French designer fashion during 1991.

The nouveau riche customers who treated themselves to couture in the mid-1980s – on the back of success in the stock and property markets – stopped spending when those markets collapsed in the late 1980s. But the Paris houses have been left with a small, solid base of loyal customers armed with old money.

Despite this resilience, couture is still a loss-making venture, governed by arcane rules. The Chambre Syndicale regulates the number of styles each house must show and the seamstresses they should employ under rules dating back to the late 1940s.

The Paris houses continue with their loss-making couture businesses because of the publicity they attract for the perfume, sunglasses and cheaper fashion lines with which they really make money. There will be 750 journalists and 400 photographers covering the current couture collections.

Such an enormous media presence has encouraged other designers, who do not show under the auspices of the Chambre Syndicale, to stage events in Paris at the same time as the official collections. The first couture show this weekend will be that of Gianni Versace, the flamboyant Milan designer who is not a Chambre Syndicale member, at the Ritz Hotel this evening.

Robert Merloz, a young French designer backed by Yves Saint Laurent, is launching his first ready-to-wear range this afternoon. Thierry Mugler, another French designer, is showing a hybrid couture and ready-to-wear collection on Wednesday. The Chambre Syndicale stipulates that an official show should only include couture.

These unofficial events, combined with the financial problems of some smaller couture houses, have prompted the French government to review the Chambre Syndicale's rules. The review should be completed by the end of this year – just in time for next January's collections.

Suited to the high life, Weekend FT

NEWS: INTERNATIONAL

EC/Asean talks hit by row on E Timor

By Victor Mallet in Manila

NEGOTIATIONS between the European Community and the Association of South East Asian Nations (Asean) over a new co-operation agreement have been halted by Portuguese objections to Indonesia's human rights record in East Timor.

The dispute is embarrassing for the EC, whose 12 members cannot agree on how to proceed, and frustrating for Asean, which was hoping to continue the talks on upgrading relations at a meeting of foreign ministers yesterday in Manila.

"It's a very unfortunate development," said Mr Abdullah Badawi, the Malaysian foreign minister. "We will not want to abandon EC-Asean co-operation simply because of Portugal." Asean groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

One senior EC diplomat said he feared the disagreement would have an insidious effect on relations between the two blocs. "Effectively we can't start (negotiations) until we've cleared the roadblock," he said.

Whereas the existing accord is a bland statement of good intentions, the proposed new agreement would include provisions on resolving trade disputes and on European Investment Bank lending to Asean states. EC-Asean trade has risen to £27bn in 1990 from £8bn in 1980, and has been rising by 25 per cent annually for the last three years.

Even before the Portuguese blocked further talks, EC and Asean officials were unable to agree on the inclusion of clauses on human rights and the environment in the new agreement. Asean ministers explicitly rejected any linkage between economic co-operation and environmental or human rights concerns at the end of an Asean meeting in Manila on Wednesday.

Portugal maintains that it is contrary to EC policy to upgrade relations with countries which have poor human rights records. Indonesia annexed East Timor, a former Portuguese colony, in 1975, and Indonesian troops shot dead at least 50 civilian protestors there in one incident in November last year.

Mr Douglas Hurd, the British foreign secretary, said yesterday the human rights issue "will not go away", but he sought to mollify his Asean counterparts by emphasising universal rather than western principles of human rights.

"We are not talking of the imposition of the values of one section of the world on another section with different values," he said. "We are talking about an understanding of shared values and agreement on how they can be applied."

France's balance of trade slips into red

By Alice Rawsthorn in Paris

FRANCE slipped into a trading deficit of FFr951m (£97m) last month after five months of trade surpluses.

News of the June deficit comes at a sensitive time for France's socialist government which has previously countered criticism of rising unemployment by pointing to French industry's success in its export markets. The socialists are anxious to avoid further criticism in the approach to September's referendum on the Maastricht treaty and the National Assembly elections next spring.

So far this year French companies have benefited from buoyant exports which have helped to shelter them from the sluggish state of the domestic market, where high interest rates and concern about unemployment have dampened consumer demand.

The value of French exports rose to FFr106.4bn last month from FFr103.4bn in May. However imports rose at a faster rate to FFr107.4bn in June from FFr99.3bn in the preceding month thereby pushing the trade account into the red.

Despite last month's deficit, France recorded a healthy trading surplus of FFr16.6bn in the first half of this year, representing a healthy recovery from the deficit of FFr23.2bn for the same period of 1991.

Cabinet fails to revive Tokyo stocks

By Emiko Terazono in Tokyo

AN emergency meeting convened by Mr Kiichi Miyazawa, Japan's prime minister, yesterday failed to bolster the Tokyo stock market, which plunged 3.4 per cent to 15,497.79, a six-year low, and appeared likely to fall further next week.

Reports of the unprecedented meeting had encouraged the market on Thursday, but prices fell yesterday after it became clear that the government would simply restate the intention to stimulate the economy later this year with a supplementary budget.

Mr Miyazawa's statement appeared to confirm earlier comments by finance ministry officials that the government would not actively intervene in the market in spite of widespread fears of further falls in the Nikkei stock average in coming days.

After the meeting, Mr Miyazawa announced that an official large-scale supplementary budget would be decided by mid-September. As for support for the market, the meeting failed to come up with specific measures, and the cabinet and leaders of the ruling Liberal Democratic agreed to meet again next Tuesday.

Most investors consider the government's move as a "gesture" indicating concern before tomorrow's upper house elections. Other market participants pointed out that it would take more than lip service to help share prices. "The market is in a worse condition than the government probably assesses," said Mr Hiromichi Ishikawa, managing director at Yamaichi Securities. "Measures which require the market to wait for the effects are not good enough," he added.

Bearishness over the economy in the past week has been cited for the faltering stock market. The Bank of Japan indicated that the recovery it had forecast for the autumn would be delayed and that the economy was still in a "severe adjustment phase".

The central bank's assessment was supported yesterday by the release of June chain store sales figures showing the first decline in five years, with a 1.1 per cent year-on-year fall. Department store figures for June saw a fourth consecutive decline, falling 3.7 per cent from the previous year.

UN relief convoy trapped by landmines

A UNITED NATIONS relief convoy was trapped near Gorazde, eastern Bosnia, yesterday after hitting two land mines on Thursday night while trying to reach the town, where 70,000 hungry people are besieged by Serb-backed forces, write Laura Silber in Belgrade and Christopher Parkes in Bonn.

UN officials in Sarajevo said a rescue convoy was deployed yesterday morning to Gorazde, the last Moslem stronghold under sieged by Serb militia.

Meanwhile in Bonn, six special trains, each with room for up to 1,000 people, were being prepared to pick up refugees gathered in the Croatian town of Karlovac, 50km from Zagreb.

Germany has allowed in more than 200,000 people from the former Yugoslavia.

Heads roll over Escobar escape

The head of Colombia's air force was fired yesterday for being too slow in flying troops in to search for escaped cocaine boss Pablo Escobar, AP reports from Medellin.

The prison governor was sacked too, along with the commander of troops at the prison who refused to enter the prison with three officials who were taken hostage before Escobar, head of the Medellin drugs cartel, escaped.

Fiat executive on corruption charge

A chief executive of a Fiat subsidiary was arrested yesterday in the Milan investigation into suspected kickbacks for public works contracts, Reuter reports from Milan.

Giancarlo Cozza, 55, managing director of Fiat's rolling stock unit, was accused of corruption.

Lebanon poll date angers Christians

The Lebanese government said yesterday the first general elections in 20 years would take place in August and September, Reuter reports from Beirut.

The rightwing Christian Lebanese Forces (LF) group and some other Christian parties, including supporters of exiled rebel Christian leader General Michel Aoun said the elections should be postponed until after a Syrian withdrawal.

They argue that elections held under Syrian military control would attract only candidates loyal to Damascus.

Manila signs deal to cut debt burden

The Philippines yesterday signed in London a debt reduction package with a committee representing commercial bank creditors, writes Jose Galang in Manila.

The package reduces the country's debt stock and debt service on its medium and long term debt with the banks.

A lighter moment for prime minister Kiichi Miyazawa, right, and finance minister Tsutomu Hata before yesterday's meeting to discuss reviving the sickly stock market

LDP poised for poll success

By Robert Thomson in Tokyo

JAPAN's ruling Liberal Democratic Party (LDP) is likely to tighten its hold on power in tomorrow's upper house election. The main point of interest is whether there will be a record low turnout of voters.

Barring an unlikely last minute swing away from the LDP, the opposition Social Democratic Party of Japan (SDPJ) will be humiliated after an uninspiring campaign.

The perception that the SDPJ, formerly the Socialist Party, does not provide a real alternative to the LDP has been highlighted by opinion polls showing 40 per cent "don't know" responses. This reflects general discontent with the state of politics.

Mr Shin Kanemaru, the LDP vice-president and "godfather", suggested newspaper polls showing a large LDP lead were part of a "conspiracy" to encourage voters to turn against the ruling party or to shun the election and spend the day at the beach.

Half the nation's 252 upper house seats are at stake, and the LDP is likely to win 70 or more, leaving it in a strong position to regain a majority lost in 1989, when the Socialist Party appeared capable of challenging LDP leadership in the more powerful lower house.

The contrast between the opposition party's enthusiastic 1989 campaign and the lacklustre effort this year could not be more striking. With a campaign targeted almost solely against legislation allowing Japanese servicemen to join UN peacekeeping operations, the SDPJ has been unable to capitalise on concerns about a flagging economy.

Mr Makoto Tanabe, the SDPJ leader, has conceded that the campaign was poorly handled, much to the delight of the LDP, which is tainted by bribery scandals and its failure to deliver promised political reforms.

Working hours blow in Japan

By Gordon Cramb in Tokyo

JAPANESE government moves to shorten working hours suffered a setback yesterday when a court ruled that an employer abolishing Saturday shifts could load at least some of the lost hours on to the rest of the week.

A call for working hours to be reduced was made earlier this year by Mr Kiichi Miyazawa, prime minister. His proclaimed aim was to turn Japan into a "lifestyle superpower" – although the issue also addressed US and European criticism that long hours for labour in Japan represented a competitive advantage which helped fuel its growing trade surplus.

His appeal was echoed in the private sector by Sony's Mr Akio Morita and apparently taken seriously by organisations such as the Nikkeiren employers' federation.

However, Mr Hiroshi Yamamoto, presiding judge at the Akita district court in northern Japan, though acknowledging that the aim of a five-day week was to cut total hours worked, gave conditional approval yesterday to longer weekday working.

He was dismissing a suit brought by 30 employees of the local Ugo Bank who were claiming compensation from their employer.

Along with the rest of the Japanese financial sector, in 1989 Ugo had introduced a five-day week for the 1,000 staff at its 71 branches, trimming the annual official length of time worked by each to 1,849 hours from 1,891.

In so doing, though, the bank had lengthened each weekday by at least 10 minutes, and by as much as an hour – to make a nine-hour day finishing at 5.50pm – on busy days in the banking calendar. No extra pay was forthcoming.

The ruling set only informal precedent but was widely seen as a test case and was given front-page prominence in Japanese evening newspapers.

The judge said the cut of 42 hours a year was enough to permit an extension of weekday working as a transitional measure. Ugo, when asked last night asked what plans it had to reduce hours further, said merely that "for the industry as a whole, this is a subject for study."

The government's target is for a reduction in the working year to 1,800 hours by the end of the 1996 fiscal year. According to official statistics, Japanese workers put in an average 2,006 hours last year. Figures such as this are viewed in the west as a substantial underestimate, taking no account of obligatory overtime.

So-called service overtime, which goes unrecorded, as well as unpaid, is endemic in the banking sector, where annual hours have been put unofficially at 2,600.

Treasury fears low tax take will boost PSBR

By Peter Marsh, Economics Staff

SAGGING tax receipts from company profits are likely to push government borrowing above official forecasts over the next few years, the Treasury has indicated.

The admission comes in an article published today in the Treasury Bulletin. It says corporation tax revenues will be depressed by special factors as economic activity eventually picks up.

Since recovery has failed to occur in the way expected by the Treasury in its latest published forecasts, the article adds up to a warning that the Treasury's projections for the public sector borrowing requirement will almost certainly be exceeded.

The warning about company taxes – which grew strongly in the late 1980s and last year accounted for 11 per cent of all tax receipts – comes in the same week as the Treasury announced tough controls on government spending in order to rein in rises in the PSBR.

But even with the benefit of cuts in government programmes – likely to total some £13bn between 1994 and 1996 – the PSBR is expected to climb above forecast levels because of revenue shortfalls linked to the recession.

In the March Budget, the Treasury forecast a borrowing requirement of £28bn this year and £32bn in 1993-94. Some City economists estimate the figures at £32bn and £41bn respectively.

The Treasury says in the bulletin that once the economy recovers from recession "the cyclical rise in receipts [from corporation taxes] will be less vigorous than that seen in the period up to 1989-90".

Special factors which the Treasury reckons will dampen growth in these taxes once the economy recovers include the historically low rate of corporation tax because of recent fiscal changes.

Companies will also be able to cut tax payments by claiming relief in areas such debt payments, capital spending and previous financial losses.

Corporation tax receipts, which fell from £20.5bn in 1990-91 to £18.3bn last year, are now projected by the Treasury to total £15.9bn in 1992-93. This figure is £0.9bn lower than the corresponding forecast in the March Budget.

The Treasury's last published forecast in March projects a "real rate of return" for companies – a measure of profitability – of about 7 per cent this year after 6 per cent last year.

But with the economy growing more slowly than the Treasury predicted, the profits growth may be reined back, eating into the tax take.

- Protectionist trade policies add up to a tax on consumers which cost £12bn in 1990, or £16 a week for a family of four, according to another article in the bulletin.

The article says a successful conclusion to the Uruguay round of world trade talks could bring these costs down.

Treasury Bulletin, Summer 1992. Published three times a year, £6.80, available from HMSO.

Touchpaper of unrest on the estates

Paul Cheeseright on the sparks that have lit this summer's riots

NO police officer has been injured in Hillfields, Coventry, for the past week. No police vehicle has been damaged. Such forebearance from the more aggressive residents is unusual.

Outwardly this inner-city district with its high-rise flats and its small council houses is calm. Certainly policemen are out on the beat as normal, but there are suggestions of in-fighting among the district's drug barons and there is fear among the peaceable. "I wouldn't go out on the streets at night on my own," says Ms Pauline Jacques, chair of The Chantries Tenants and Residents Association.

Hillfields, just north of Coventry city centre, was one of the two Coventry districts where youths clashed with police in May in a series of disturbances which has proved to be the start of a summer season of unrest in British cities, from Bristol in the south to Stockton-on-Tees in the north.

The districts have in common unemployment and deprivation. Hillfields, together with its northern neighbour, Foleshill, were the subject of Coventry's abortive bid for extra government funding through City Challenge, the scheme run by the Department of Environment to encourage towns and cities to compete for finance for urban redevelopment and regeneration projects.

The two districts have the highest unemployment in Coventry. The rate in St Michaels, a ward of Hillfields, is 28.3 per cent, while in Foleshill it is 24.7 per cent. Male unemployment is respectively 34.9 and 29.3 per cent and moving higher. Recession is trapping the skilled and unskilled alike in districts where housing is poor, crime is high and the industrial infrastructure is crumbling.

Local resources to combat the rise in unemployment are running out. Mr Davinder Panesar, training and development manager at the Indian Community Centre in Foleshill, says: "Every day we will have several dozen people who are made redundant and have basic skills. The training provision is full. Even middle management is being made redundant. There is no hope of a job unless you buck up your skills and go into something new."

Ms Jacques, who herself is unemployed, adds: "I don't honestly know where people would start in finding jobs. There isn't anything."

For the black population of Hillfields and Foleshill, the situation is more complicated than simply being the result of the recession. Coventry's City Challenge document noted that "nearly half the population of the area are black. They have particular needs and experience problems of discrimination and racism."

Employment prospects among ethnic minorities are being undermined by racism, says Ms Julia Sudbury, co-ordinator of the Osaba Women's Centre, an Afro-Caribbean group. "There is racism in training and education, there is discrimination at the point of recruitment." Poverty exacerbates communal unease.

Cahan, a local group set up to combat racial harassment, said it had received five complaints of harrassment on Friday last week alone.

Mr Panesar observes that many in the Asian community of Foleshill had "a rural background in Pakistan", had been in unskilled work and had not needed to know English.

She says: "Their skills are not relevant to the UK and its culture." Such disadvantages mean that "for them to be in the mainstream, they have to have something extra."

The City Challenge bid for £37.5m over five years was a means of providing that "something extra". Based on four flagship projects, it sought to create jobs and provide the training so that those jobs could be filled by Hillfields and Foleshill residents while, in the background, smaller grassroots schemes would tackle other problems.

The government's refusal last week to support the bid left Coventry City Council angry. The reasons for refusal, Mr Brian Clack, the leader, told the environment department, were "spurious". He said the reasons sought to justify "what is clearly a decision to favour other authorities on party political grounds". But it also left the council with a serious financial problem.

Its sources of funding for Hillfields and Foleshill are narrowing. The government's decision this week to rein in public spending means, says Mr John Fletcher, deputy leader of Coventry City Council that "we're in for a really hard time".

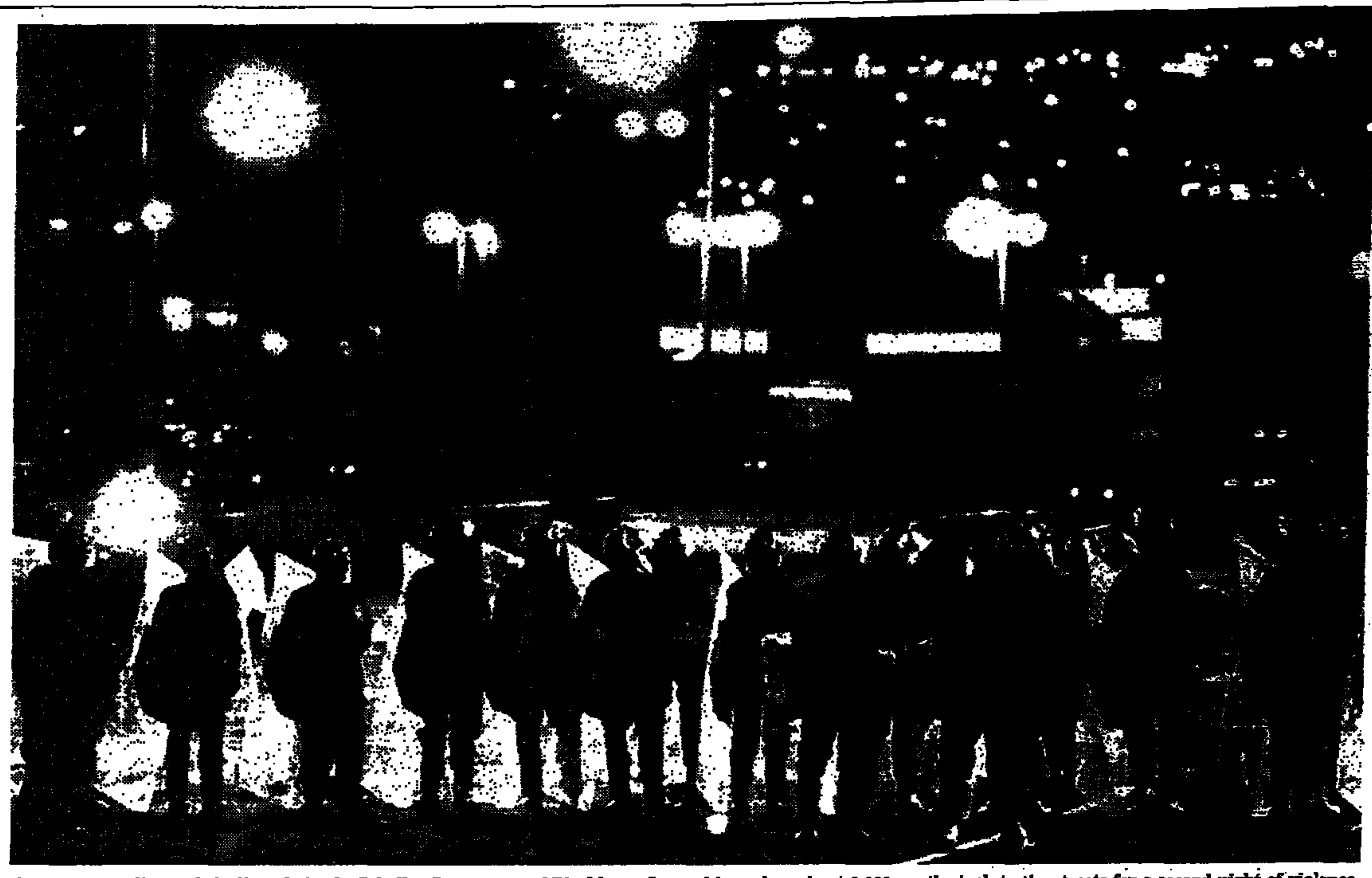
The authority made its own budget cuts for fiscal 1992-93 to avoid capping. For 1993-94 it is going to have to cut at least a further £3m from its overall spending. Its capital spending is in any case constrained.

But it is also receiving less from the government's Urban Programme, which provides regeneration funds for 57 local authorities. Funding this year of £4.6m, most of which was spent on Hillfields and Foleshill, was down 10 per cent on 1990-91. Next year's spending is likely to be in the region of £4m. The more the government spends on City Challenge, the less it has for other Urban Programme activities.

Since 1987, the government's Task Force, a series of inter-departmental teams helping to revive local economies, has spent £13.1m – £6.4m from its own budget with the rest coming from other sources – in Hillfields and Foleshill.

But it is being withdrawn next March. Although it leaves behind a a legacy of training programmes and an enterprise fund which in five years has helped 190 young businesses and created about 460 jobs, community leaders are bitter.

But Mr Fletcher says he wonders why aid is leaving when the problems have not.



On the line: police sealed off roads in the Whalley Range area of Blackburn, Lancashire, when about 3,000 youths took to the streets for a second night of violence

MORE THAN 60 people were arrested during a further night of disturbances in three northern towns on Thursday.

In a second evening of trouble in Blackburn, Lancashire, 40 people were arrested after rival groups of youths turned against the police. About 3,000 youths had been on the streets at one time, police said, and 51 petrol bombs had been found.

In Burnley, Lancashire, 22 people were arrested in a fifth night of disturbances on the Stoops estate. Police said that fewer than 50 youths were now thought to be responsible for the continuing violence.

In Huddersfield, West Yorkshire, police officers were pelted with stones and petrol bombs on the Brackenhall estate in the early hours of yesterday. Firefighters were also pelted with bottles and stones during the unrest, which lasted for 3½ hours in spite of pleas from community leaders for peace on the estate. A police officer was treated in hospital but there were no arrests.

There has been unrest in eight towns since the early summer.

Halt is called in Ecu bond market

THE MARKET in Ecu bonds, one of Europe's fastest-growing financial markets, virtually seized up yesterday as the latest victim of the stresses within the exchange rate mechanism, Richard Waters writes.

An official halt was called as banks that deal in the market were excused the obligation to quote buy and sell bond prices to each other. The Bank of England and the French Treasury, both of which have raised substantial sums by issuing Ecu bonds, called meetings with marketmakers to try to restore some confidence.

The suspension of normal trading demonstrates how little confidence financial markets now have that European economic and monetary union will be achieved. There has been heavy selling of Ecu bonds since the Danes voted to reject the Maastricht treaty with selling intensifying after Germany raised its discount rate a week ago.

ISMA, the body which oversees the international bond markets, said it believed marketmaking would resume on Monday. Dealers reported that investors were still able to deal with marketmakers yesterday.

Plasterboard cost expected to rise

PRICES paid for plasterboard, one of the most basic building materials, are expected to rise by nearly 10 per cent following a restructuring of list prices and discounts by BPB Industries, which supplies about 65 per cent of plasterboard sold in Britain.

This marks the end of a three-way price war between BPB, Lafarge Coppée of France and Knauf of Germany. BPB says a decline in list prices will be more than offset by reductions in discounts.

Sales prices, after allowing for lower discounts, are expected to rise on average by nearly 10 per cent. This follows a price rise of about 4 per cent, after discounts announced earlier this year by Knauf.

BPB's share price rose 9p to 144p after it announced the price changes.

Hatton denies eight charges

MR Derek Hatton, former deputy leader of Liverpool City Council, yesterday pleaded not guilty to eight charges of conspiracy to defraud the council. He appeared at Stafford Crown Court with six others, all facing various charges of conspiracy to defraud the council.

The case was adjourned to Liverpool Crown Court on October 14 for further legal discussions.

Call to end rundown of mines

A MORATORIUM on the further rundown of Britain's deep mines was urged yesterday by politicians, trades unionists and industry experts in the north-east as part of a campaign to highlight the strategic importance of coal as an energy source. A conference at Bedlington, Northumberland, organised by the independent Regional Energy Foundation, called for an EC ban on the dumping of cheap imports from outside the community.

Post Office chief appointed

MR Bill Cockburn has been appointed Post Office chief executive for three years from October 22. He is managing director of Royal Mail.

Sir Bryan Nicholson, Post Office chairman, is to move to a part-time basis. He leaves the board at the end of the year.

PM gives public support to Mellor

By Ivo Dawnay, Political Correspondent

THE PRIME minister yesterday reaffirmed his support for his embattled national heritage secretary, Mr David Mellor, insisting that he would remain at his post.

In his Huntingdon constituency, Mr Major said: "We are absolutely committed to making sure we improve the profile and commitment to the arts, heritage and sport.

"David Mellor is very well qualified to deal with that job. He is doing it extremely well. He is going to go on doing it."

It was the first endorsement in public by Mr Major of the heritage secretary since newspaper revelations last Sunday of Mr Mellor's alleged relationship with a 31-year-old actress. It came as the pressure on Mr Mellor appeared to be easing.

Yesterday, the minister made a well-publicised visit to his parents in-law, clearly aimed at projecting a conciliatory impression after press reports of rows within the family. Mr Mellor, asked by reporters whether he would resign, replied: "Absolutely not".

Ministers now believe Mr Major's backing of Mr Mellor should ensure the political survival of the national heritage secretary, provided there are no further embarrassing disclosures.

Mr Mellor also appears to have the backing of most MPs, who are growing increasingly angry at the press criticism. Only one Tory MP, Mrs Ann Winterton, has so far publicly called for his resignation.

Mr Mellor's wife Judith has written to The Sun, the Daily Mirror and Today, protesting at some of their reports.

Iranians to be deported as 'national security' threat

By Jimmy Burns and Edward Mortimer

BRITAIN yesterday announced it was deporting three Iranians, two of them locally engaged embassy officials, for reasons of "national security" in a move that marks a further deterioration in relations between London and Tehran.

The deportation order follows the announcement by the Iranian government earlier this week that it was expelling Mr Geoffrey Brammer, a British diplomatic for "acts violating diplomatic norms".

The Foreign Office said last night that yesterday's deportation order followed "painstaking investigations" into the activities of the three Iranians which pre-dated Iran's move against Mr Brammer.

The investigations, believed to have involved the Special Branch and MI5, focused on the alleged intelligence activities of the three Iranians among the political dissident community. At least one of the Iranians is thought to have been involving in tracking Mr Salman Rushdie – under an Iranian death threat because of his book The Satanic Verses.

UK officials played down reports that the three Iranians had got as far as plotting to assassinate Mr Rushdie and there was no confirmation that one of the Iranians had been spotted at one of the author's public engagements.

But friends of the author belonging to the Rushdie Defence Committee said that yesterday's move was a "further indication of the close connection between planned terrorist acts and the Iranian government", and showed that the death threat was still hanging over Mr Rushdie.

One of the Iranians is Mr Mehdi Sayed Sadeghi, who worked in the embassy's passport section. Another is Mr Mahmoud Medhi Soltani, who was in the embassy's public-relations department. Neither were accredited as diplomats, and Mr Sadeghi is believed to have been working without necessary immigration papers.

UK officials could provide few details about the third Iranian, Mr Gassem Vakhshiteh, who had been living in the UK as a student.

Last night an Iranian embassy official, who refused to identify himself, accused Britain of taking "tit-for-tat action", and described the allegations against two members of the embassy staff as "absolute nonsense". He said that the student had arrived in the UK last autumn, but that the embassy had no contact with him.

Until recently UK officials hoped that relations with Iran were in the process of improving, particularly after Tehran helped in securing the release of British hostages held in Beirut.

Ulster talks to enter third strand

By David Owen

A MEETING in Dublin next week between the British and Irish governments will mark the start of a new phase in the talks on the political future of Northern Ireland.

It represents the beginning of "strand three" of the talks under the highly complex structure for negotiations.

Yesterday it was agreed in Belfast that "strand two", consisting of talks between the British and Irish governments and four Ulster political parties, would resume on September 1 after a five-week summer recess.

This decision was facilitated by an agreement to make the week beginning September 28 the earliest date for the next meeting of the Anglo-Irish Conference.

Police start probe into broking firm

By John Mason

POLICE are investigating the affairs of Lovell, a private client stockbroking firm based in Newcastle which dealt in securities and traded options, it was disclosed yesterday.

The move follows an inquiry into the firm by the Securities and Futures Association which yesterday announced it was finally expelling Lovell from its membership on the grounds it was no longer fit and proper to carry out investment business.

The inquiries by the Northumbrian police fraud squad are focusing on the withdrawal of funds from the clients' bank account to buy a financial services company.

Two directors of the firm, Mr Thomas Lovell, the chairman, and Mr John Hickey, the compliance and finance director, have already been severely reprimanded by the SFA over the withdrawals which abused its Client Money Regulations.

Earlier this month, the SFA reprimanded Mr Lovell and Mr Hickey, along with Mr Robert Foster-Moore, the traded options director and Mr Richard Hexton, an options dealer, for dealing in traded option contracts for clients without having reasonable cause to believe the contracts were suitable.

The SFA also found that Mr Hexton, Mr Hickey and Mr Foster-Moore had issued a misleading advertisement to induce prospective clients to invest.

Lovell was wound up in the High Court in October 1990 after being suspended by The Securities Association for failing to meet capital adequacy requirements.

Since then investors have been paid more than £650,000 from the Investors Compensation Scheme.

Land Travel failure leaves customers and staff stranded

By Tim Lawrence

THE spectacular collapse of Land Travel has stranded employees and holidaymakers alike.

Inside the company's smart Churchill House offices in Dorchester Street, Bath, 130 staff – some dressed in black ties after being warned of the impending doom – were told they no longer had jobs.

Outside the offices a crowd of holidaymakers were left to consider that they not only had no holidays but also little chance of getting their money back.

Meanwhile the collapse of Land Travel prompted a flood of horror stories from disgruntled customers, while abroad others were coming to terms with finding themselves stranded, or at the mercy of coach and ferry operators.

Among the luckier ones were seven coach loads of Land Travel customers who arrived at the Euro Disney resort outside Paris yesterday morning. They were allowed in, despite the fact that they did not all have valid entry tickets, and Euro Disney reported that the coaches were still waiting patiently at the gates for them late yesterday evening.

About 80 Land Travel customers had arrived at the park two weeks ago without valid tickets, according to Euro Disney. On that occasion Euro Disney gave complimentary entry tickets to about 20 of the customers.

Mrs Phyllis Pratt, of Corsham, Wilts, was another customer enticed by the cut price holidays. She booked a four-day coach trip to Holland costing £100, including travel and hotel accommodation.

She was let down on two separate occasions at short notice. Land Travel cited coach problems as the cause for the cancellations, she said.

"They treated me extremely shabbily. I always got the impression they were holding something back," Mrs Pratt said. "It was such a disappointment because I was looking forward to a holiday to help me get over losing my husband."

Among the anxious customers waiting the company's offices after doors were locked at 9.45 am yesterday was Mr Alex Fleming, a social club organiser from Tewkesbury, near Cheltenham, who had booked a £4,960 seven day trip to Spain for himself and 21 family and friends, which was cancelled on Thursday.

"We are absolutely sick. I was hoping that by coming down here this morning I could get some sort of reimbursement, so that I could arrange another holiday but I've been told we've lost everything."

Mr Judah Duiker and Mrs Meikie Duiker travelled 250 miles from York to claim money for a holiday to Rome which was cancelled at the last minute on Thursday. The couple left empty handed.

Mr Duiker said: "We have been in Britain for two years and we wanted to see as much of Europe as possible. We have lost money in terms of paying almost £100 for visas to enter France and Italy and £176 on the holiday."

Before the police and liquidators moved in Land Travel offered a range of cut-price European holidays, including three nights in Paris or Brussels at £49, ten days in Poland at £159 and tours to the Austrian lakes, Czechoslovakia, Switzerland, Prague and the Black Forest for less than £150. A week in Costa Brava at Christmas cost £150 and a week in Rome over the new year was priced at £104.

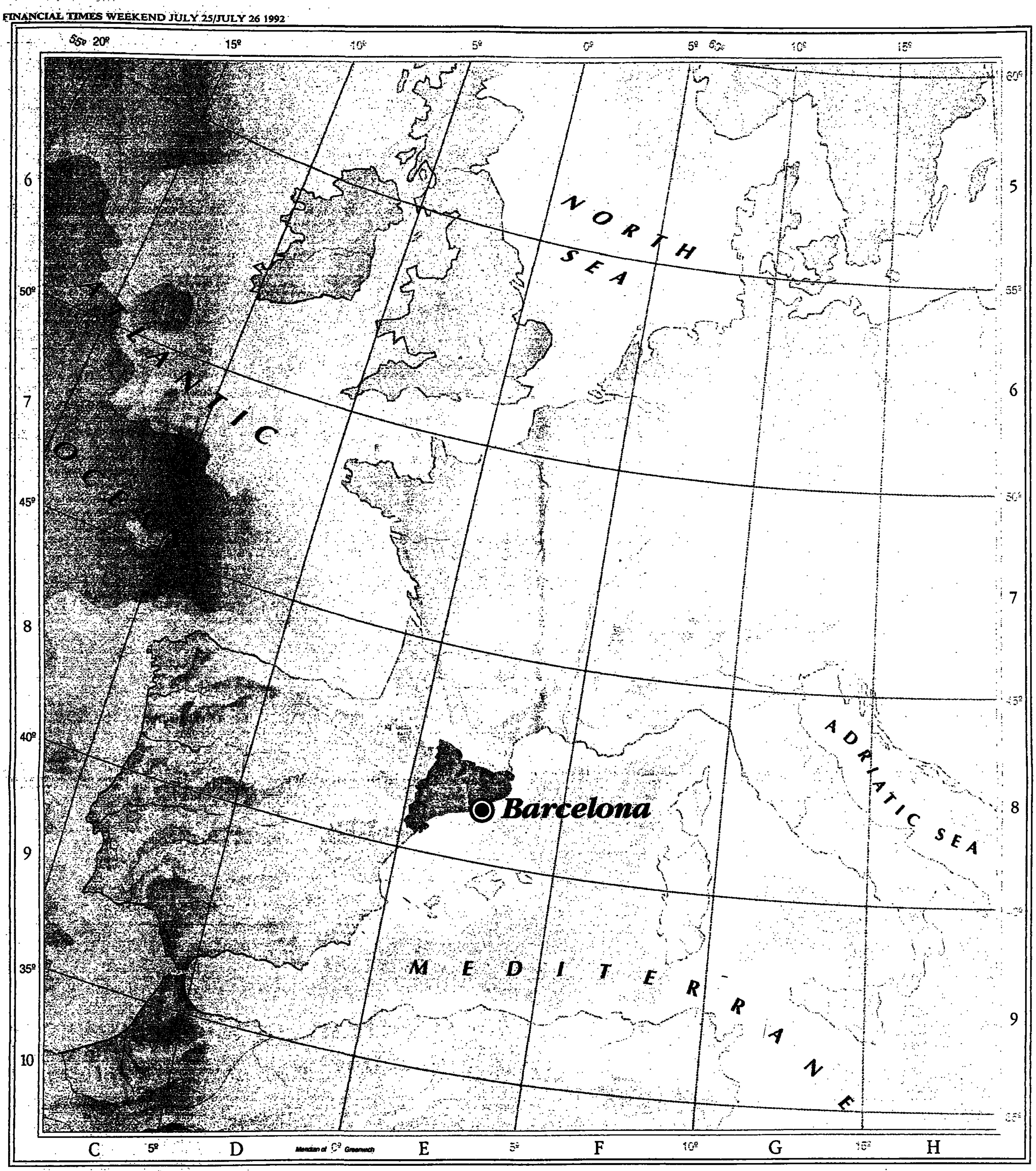
Avon and Somerset police said they had received a number of complaints over a period of time regarding Land Travel.

Company records reveal that Land Travel has been in financial trouble for some time.

Mr Don Foster, MP for Bath, demanded an inquiry into Land Travel and called for new laws to make tour operators produce evidence of confirmed bookings.

"There ought to be government health warnings on package holidays that are not covered by the Association of British Travel Agents," he said.

Mr Foster added: "In spite of everything the message has not been getting through. Of course you are free to make your own choice, but if you do not go with an ABTA company, you must beware of the consequences." He said he would investigate claims that Land Travel holiday packages were insured. "It is unclear who was covering them and what the back up was."



Barcelona '92 Olympic Games.

IN CATALONIA, OF COURSE.

This is where Barcelona is, in Catalonia, a country in Spain with its own culture, language and identity.

A country with a population of only six million people, which has experienced a growth which has made it one of the motors of Europe.

A country in which many foreign enterprises —European, North American, Japanese— have invested and are still heavily investing.

A country which has understood and motivated the genius of Picasso, the force of Miró, the imagination of Dalí, the innovative approach of Tàpies, the art of Montserrat Caballé and Josep Carreras, the mastery of Pau Casals, the daring of Gaudí...

A country which is visited every year by 16 million people from all over the world for its climate and its unique tourist, sports and cultural facilities.

A country with the know-how to get the Olympic Games for its capital, Barcelona.

Now you know where Barcelona is. In Catalonia, of course.

GENERALITAT DE CATALUNYA

AUTONOMOUS GOVERNMENT OF CATALONIA

Ex-executive wins £804,860 for unfair dismissal

Damages awarded against Nissan UK

By John Mason

DAMAGES of £804,860 were yesterday awarded against Nissan UK, the car distributor, after a High Court judge ruled that a former assistant managing director had been unfairly dismissed. The award is believed to be the largest in an employment action.

Mr Stan Cholaj, now managing director of the importer-distributor company for Seat cars in the UK, won the damages after the judge had ruled that Nissan UK had breached his employment contract by reducing his responsibilities to cover only the sales of fleet cars.

Mr Cholaj, who worked previously for Ford UK and Thorn EMI, left Nissan UK in June 1989 after clashing with Mr Octav Botnar, chairman and managing director of Nissan UK. Shortly before, Mr Botnar had failed to sell his Nissan UK company to Nissan Japan, the car manufacturer, and was trying to boost sales of the outdated Bluebird model to fleet operators.

Mr Botnar relieved Mr Cholaj of most of his responsibilities and instructed him to concentrate on building fleet car sales – an area in which he had little previous experience.

Mr Cholaj, who had been on a salary of £150,000 a year with a 10-year notice period, had said his appointment to fleet sales had undermined his authority and must have been intended to do so.

He had rightly felt humiliated by Mr Botnar altering his job responsibilities, Judge Laurie said. Before taking the job, Mr Cholaj had known of Mr Botnar's autocratic management style – and having gone into the kitchen had to put up with the heat.

However, his contract had been breached because the job of supervising fleet car sales was not in line with his status as assistant managing director, the judge continued.

Mr Botnar had adopted a "take-it or leave-it attitude" and made the issue a resigning matter.

Minister signals survival of education authorities

By Andrew Adonis

A CLEAR signal that the government does not intend to announce the demise of elected local education authorities in next week's education white paper was given yesterday by *Baroness Blatch, the schools* minister.

Instead, it seems that councils are to be allowed to survive so long as they are responsive to local demands. However, the government still hopes to increase the number of schools opting out of local authority control, resulting in many authorities losing their direct managerial function.

The abolition of LEAs is known to have been one of the options considered by the government, and local authorities will greet the news with relief.

"If they are to remain players, local authorities will need increasingly to recognise the position of schools and parents as consumers," Baroness Blatch said, addressing the Council of Local Education Authorities' annual conference in Blackpool.

She singled out the new regime for inspecting schools as one in which local education authorities could play a constructive role.

"LEAs will be able to play a part if they are willing to meet the necessary standards of inspection. I expect many will do so," she said. "There is clear evidence that at least some authorities are recognising the imperatives of greater competition and are implementing changes to the way they deliver services."

She also highlighted the monitoring of assessment standards in primary schools. "If LEAs are to retain this role, they will need to demonstrated that they are committed and competent."

Mr Jack Straw, the outgoing shadow education secretary, told the conference: "If local *education authorities did not* exist, they would have to be reinvented, even if the model used was a far less accountable one."

● Baroness Blatch implicitly rejected plans put forward by the teachers' pay review body last week for performance pay based on bonuses for staff in high-achieving schools.

She said: "Incentives should be there not only for the successful teacher, but also for the teacher who is striving to maintain standards in a school which overall is just ticking over or even failing."

Tony Andrews

Shut down: Tony Balding (right) says he feels "terribly empty and a great sense of loss" about the closure of the business

Rivals mourn loss of Beaver

It was the company that did all the right things but in the end it was beaten by the recession, writes **Andrew Baxter**

LITTLE more than 11 weeks ago, Mr Tony Balding was greeting visitors to the Beaver Engineering stand at Birmingham's Mach'92 machine-tool show with a smile, a cup of coffee, and an enthusiasm for his products that is typical of the devoted family businessman.

This week the devotion was still there but it was a little harder to smile. On Wednesday Mr Balding signed on at Norwich Jobcentre, a week after being declared redundant by administrative receivers who had moved in at Beaver.

Mr Balding is now the ex-managing director of Beaver, one of the most innovative of Britain's machine-tool companies, and is wondering what to do with himself. "Like every family businessman I can never separate myself from my work," he says. "Even when we go on holiday I am dreaming up new designs for vertical machining centres."

It has been a grim fortnight for the machine-tool industry. The Beaver receivership was followed on Thursday by news that Matrix Churchill, the Midlands based producer, had called in the receivers.

The fears expressed by industry leaders – that some companies are being kept afloat only by the goodwill of their banks – are proving correct. The problem is that the support is now being withdrawn.

Something about the Beaver receivership seems to have touched a chord in an industry that is becoming exasperated by its failure to get the message about its strategic importance across to the government. "It's terrible news," says one machine-tool builder. "Beaver has done all the right things, but the orders weren't there."

Those outside the industry might wonder about the fuss over the receivership of a company whose workforce never reached 300, and whose peak annual sales were just £11.5m.

The simple answer is that in the 41 years since it was founded by Mr Balding's father Victor – now 76 and, until last week, non-executive chairman – Beaver has become a beacon of excellence that even its rivals say deserves to stay alight.

But there is a more complex answer. Beaver may be small but its collapse raises some big issues – the future of small-scale entrepreneurialism in competitive global markets, the attitude of banks and the government to industry, the decline of Britain's manufacturing base – and, ultimately, the UK's future as a serous participant in the world machine-tool industry.

In the 1980s the company was raising quality, boosting exports and developing new products

Beaver produced its first machine tool in 1954 and is no stranger to challenges. In 1978 when Mr Balding visited a Chicago show with his father, they discovered the Japanese were selling "bed-type" machines – heavier, more rigid and more accurate than Beaver's "knee-type" range – and for the same price. "We recognised the implications," Mr Balding recalls. "We either had to accept the challenge or get out." Beaver took the plunge, introducing models just as the UK went into the 1980-81 recession. The initiative saved the *company as other* UK machine-tool makers – notably the former world leader Alfred Herbert – went under.

In the 1980s, Beaver did all that the Thatcher government was forcing industry to do, raising quality, boosting exports and developing new products. But, says Mr Balding: "We did all this because it was the obvious thing to do, not because they told us to."

In the boom of the mid-1980s the company expanded, opening factories in Peterborough and Halesworth, Suffolk. By mid-1989 it had 289 employees, and a respected range of computer numerically controlled lathes and machining centres.

Then everything went wrong. Orders dried up, the new factories had to be closed and Beaver battened down the hatches. But it has been a very different recession this time, says Mr Balding. The UK customer base has contracted by a third in 15 years, yet foreign competition in the UK market has intensified, mainly from Japan, but also from Taiwan and Germany.

For Mr Balding, the support that foreign competitors have received to carry them through the recession has given them a crucial advantage. "One way or another, funds are being made available. Many large Japanese companies have more than 1,000 machines in stock and one questions whether they are all funded from their own resources.

"When we went into receivership we had 10 machines in stock. If the funds had been made available to produce 60 machines for stock, we would have been able to run that business at break-even for at least the next 12 months."

However, Beaver's bank facility expired on July 3, and National Westminster Bank refused to renew it. Beaver did not have enough cash to carry it through the lean summer months, and after a last frantic search to find a partner, Mr Balding had no option but to ask for administrative receivers to be appointed.

With the benefit of hindsight, he says he might have done things differently. The company probably stayed too long in family ownership and probably spent too much time and money developing its range when it should have been looking for an additional business leg or finding a new owner.

Then everything went wrong. Orders dried up and the new factories had to be closed

Ideally, he says, Beaver should have become part of a larger group while simultaneously preserving its entrepreneurialism. "It is an industry where scale is important." Failing that, only a big boost to UK demand could have preserved Beaver in Balding family ownership.

Looking back over the past few weeks, Mr Balding says: "I have no reason to feel bitter, but I feel terribly empty, and a great sense of loss."

He does not blame NatWest – the banks have a job to do, he says, which is to make sure their money is safe – but believes neither the banks nor the government understand the industry. "Between them, someone has to take more of a medium or long-term view – they can't both assume that people are going to come back into the industry when business comes back to something like a normal level of activity."

But he criticises the government both for cutting back on the support for research and development that helped Beaver fend off the Japanese 10 years ago, and for the high interest-rate policy of 1989 and 1990 which sucked the working capital out of the company, leaving it unable to afford a restructuring plan.

Ironically, the plan that was vetoed by Coopers & Lybrand, the bank's supervising accountant, is being used by its Cork Gully insolvency arm. It is a painful strategy, involving ending parts and components manufacturing, and concentrating on design, development and service and assembly.

A total of 80 jobs have already gone, but the plan might be the only chance to preserve something from the debacle. Yesterday, Mr Mark Shires, a principal at Cork Gully in Norwich, said an advertisement in Tuesday's FT had prompted a number of inquiries, and Beaver had also secured new machine-tool orders in the past week.

Mr Balding naturally hopes the company will survive – and not simply because the family are the main creditors. "It would be nice to see the business continue in some form, with a new owner to carry it forward."

Court action over Harrods blocked

AN ACTION for damages in the High Court by Lonrho, the international trading group, and Mr Tiny Rowland, its chief executive, alleging a dirty tricks campaign by the Fayed brothers during the row over the ownership of Harrods, the London department store, was yesterday ordered to be struck out.

Mr Justice Macpherson said the action, launched last year, was another round in the "prolonged public warfare with no holds barred" over the Fayeds' acquisition of the House of Fraser stores group.

If the action were allowed to go ahead it would inevitably involve raking over the whole dispute with "mud slung in all directions", Mr Justice Macpherson said.

Lonrho and Mr Rowland were ordered to pay the costs of House of Fraser's application to have the action struck out.

Lonrho was refused leave to appeal but its lawyers said later there were good grounds for appeal and further moves would be considered.

The action sought damages and an injunction in respect of an alleged conspiracy by brothers Mohammed and Ali Al Fayed to injure Lonrho and Mr Rowland.

The main figure in the conspiracy allegations, Miss Francesca Pollard, was said to have been used as a "tool" by the Fayeds in a "long-running campaign of vilification", with her main target being Mr Rowland personally.

The judge said that, "in a an unpleasant twist", Miss Pollard had gone over to the Lonrho camp in the summer of 1991.

He said that, over the past six years, Lonrho and Mr Rowland had been intent on discrediting the Fayeds and had spared no expense.

But the Fayeds themselves were not "lily-white" and were prepared to "descend to the depths of vulgarity".

The judge said he was "sceptical" of Lonrho's claim for damages and "even more sceptical" of its claim for an injunction. Neither remedy was likely to be available to them.

Mr Justice Macpherson said: "I fail to see why such a public, unpleasant and vitriolic vendetta should be allowed to be aired in court".

Unit trust funds drop to £57bn

By Scheherazade Daneshkhu

FUNDS under management in unit trusts dropped last month to £57bn after breaking the £60bn barrier in May.

This was in spite of an increase in net sales of unit trust personal equity plans to £336.4m in the second quarter, which pushed the value of unit trust Pep funds over the £2bn mark to £2.4bn.

But unit trusts last month experienced their first outflow since February with sales of unit trusts exceeding purchases by £23.5m. Total sales last month were £617.4m, a significant drop on the previous month and on the £1bn achieved in April. However, net inflows in the second quarter of the year, at £463.8m far exceeded the £255.8m achieved in the first quarter and represented one of the highest quarterly sales since 1989.

Inflows into unit trust Peps were aided in the second quarter by the change to Pep rules in the Budget by Mr Norman Lamont, the chancellor. He announced that £6,000 could be invested in a unit or investment trust Pep from the start of the 1992-93 tax year.

The previous limit – except for investment trust new issues – had been £3,000. Income and capital gains from Peps are tax-free.

Mr Philip Warland, director-general of the UTA said: "The sales of Peps are a quite remarkable achievement in a personal savings market which saw outflows from building societies and the great attraction of National Savings."

Companies House review is ordered

By Andrew Baxter

THE Department of Trade and Industry yesterday announced a review of Companies House that could lead to the full or partial privatisation of the Cardiff-based agency.

The move signals a further step in the government's programme to put services into the private sector where appropriate.

"The government's job is to govern, not to administer," Mr Michael Heseltine, trade and industry secretary, said yesterday. "This is the basis on which I intend my department to carry out its review of agencies, starting with Companies House."

Supporters of Civil Service privatisation have long argued that Companies House is an ideal candidate for privatisation, but any decision to sell it would be considered controversial because of potential impli*cations for jobs and because of* worries over impartiality under private control.

The department is soon to appoint consultants to help with the Companies House review, which will examine its operation and role and advise on how its work can best be carried out in the future.

Among options to be studied will be full or partial privatisation, contracting out of some activities or continuing as present. The department promised full consultation with staff and unions.

Companies House employs the equivalent of 1,150 full-time staff and incorporates companies, makes company information available to the public, and takes action against companies which file their reports late.

Private tax work may go to tender

By Richard Evans

THE government is considering contracting out computer processing work on taxpayers' confidential files as part of a drive to transfer as much civil service work as possible to the private sector.

The Inland Revenue said yesterday it was exploring "the feasibility of a contractual partnership with one or possibly two major private sector computer organisations" to process tax demands.

"No decisions will be taken unless it can be demonstrated that the highest quality service and the best value for money is provided," the Revenue said. It stressed that the organisation would remain responsible for preserving data secrecy.

Five companies, IBM, ICL, Computer Sciences Corporation, Digital Equipment Corporation, and Electronic Data Systems have been approached, and discussions should be concluded in the autumn.

The move brought immediate condemnation from the Inland Revenue Staff Federation on the grounds that it could endanger the confidentiality of taxpayers. Mr Clive Brooke, federation general secretary, appealed for "this dangerous move" to be reversed.

The contracting out of Whitehall jobs is part of a drive to put civil service work out to competitive tender. Departments have been asked to list activities that could be included in the initiative, known as market testing. A white paper suggested that market testing could save as much as 25 per cent of the £20bn total of central government annual costs.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday July 25 1992

The Treasury fights back

LAST WEEK, the UK Treasury was under attack. But help from its allies – the prime minister over control on public spending and the principal central banks over the exchange rate – has given it room for manoeuvre. It is not very much room; and it may not last for very long. But the Treasury does at least remain in charge of the principal levers of power, other than monetary policy.

It may be prepared to bow the knee before the Bundesbank. But it is not prepared to accept upstarts at home. An independent Bank of England, free to follow domestic monetary targets, was never to be tolerated. The Treasury's permanent enemies are, however, neither the Bundesbank, nor even the Bank of England, but the spending ministries of Whitehall. At a time when recovery seems to be "jam tomorrow" and never "jam today", the battle for spending control has to be fought more vigorously than for many years.

Blessed with the prime minister's strong support – the *sine qua non* of effective control over public expenditure – the Treasury gained a notable victory this week, both in the changes in procedure agreed by the cabinet and in the actual figures.

The beauty – from the Treasury's point of view – of the new procedure is that it will place the spending ministers, like scorpions, in a bottle of predetermined size. At the beginning of each spending round a figure will be agreed. In this year's round, which will focus upon expenditure allocations for 1993-94, the relevant figure is to be the old-style "planning total". This is now reconfirmed at the £244.5bn agreed during last year's autumn spending round.

From next year – when decisions on revenue, hitherto announced in the spring Budget, are to be combined with autumn's spending decisions – the operational ceiling is to be renamed the "control total". This will be the planning total, less cyclical social security spending.

Larger bottle

In 1994-95 and 1995-96, the control total is to grow by no more than 3 and 3¼ per cent, respectively, in cash terms. After real growth of well over 4 per cent in the planning total between 1992-93 and 1993-94 (though, says the Treasury, of only 2.8 per cent in a notional control total), the real increase in the control total is to be 0.75 per cent in 1994-95 and 1 per cent in 1995-96. Over the long term, the Treasury hopes that public spending will grow more slowly than the economy. The ratio of public spending to gross domestic product will then fall steadily, along with the deficit.

The new procedure should work, provided the scorpions do fight each other rather than collude to seek a larger bottle. Their battles will not be with the Treasury, even if negotiations still take the form of bilateral discussions with the chief secretary, but with one another over shares of the total. What will no longer happen, therefore, is a series of bilateral discussions whose outcome will determine the size of public spending. And if the chief secretary cannot keep the scorpions in order, the chancellor's new cabinet committee stands behind him.

Too generous

Yet even if the procedure itself works, it may still not be enough.

Last autumn's planning total for 1993-94 was far too generous, involving an increase of £13bn over the target agreed in autumn 1990. The government simply had to meet this target, especially when inflation is expected to be significantly lower both this year and next than earlier forecast. But it still implies growth of general government expenditure of 4 per cent in real terms. When the public sector borrowing requirement is already some 5 per cent of GDP and economic growth is, to say the least, uncertain, that initial increase is excessive.

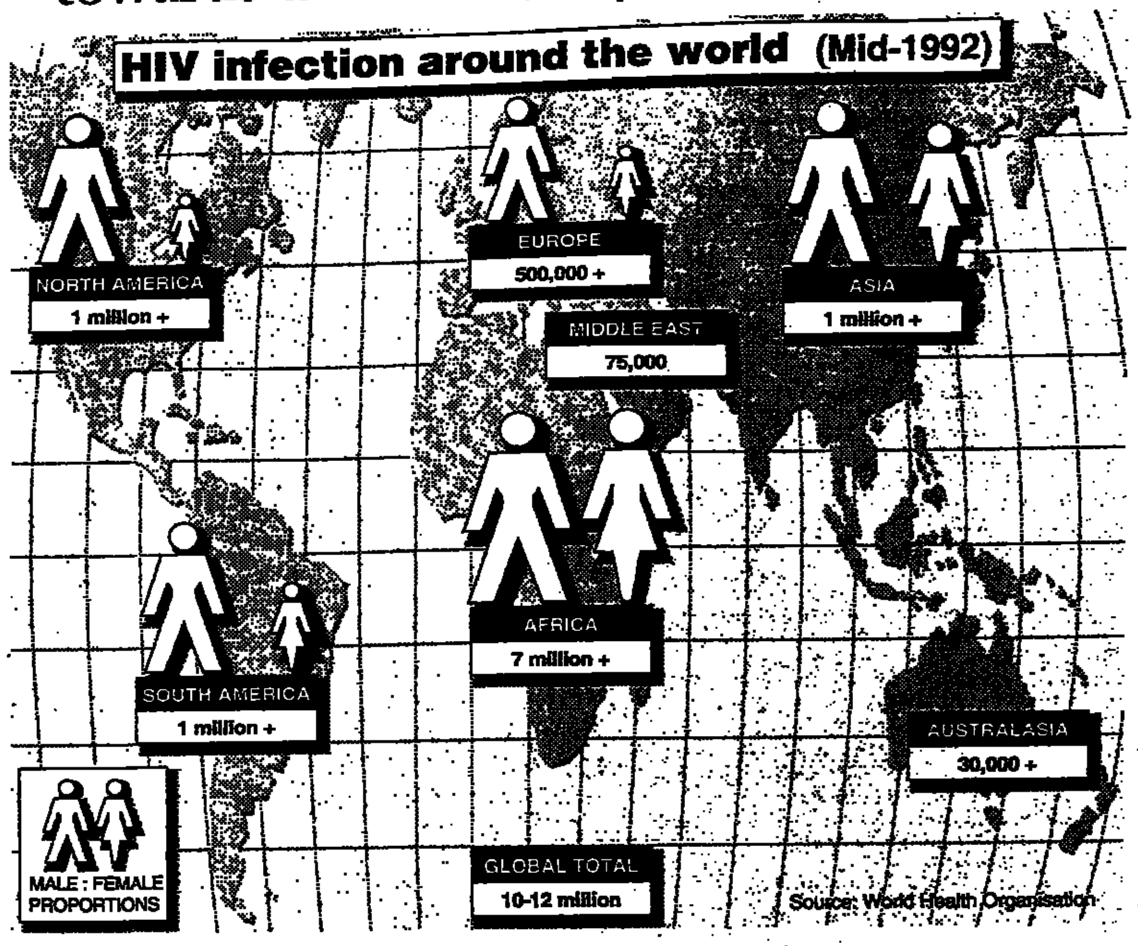
All the stringency has been left to 1994-95 and 1995-96, by which time the public sector's finances could look very shaky. If there is no recovery, the public sector borrowing requirement might well be over 6 per cent of GDP by 1993-94. Again, with no strong recovery, it would take forever for mild stringency to bring that down to more reasonable levels. In the meantime, tighter budgets and perhaps even higher real long-term interest rates, may make the recovery less likely.

Public sector stringency is required in the medium term. But what is needed still more is recovery. Some see "green shoots" once again. This week's retail sales figures do little to support that hope, even though the British Chambers of Commerce argues that the economy is slowly improving, if fragile. Import growth also suggests recovery in demand, but export performance is too poor to add much to output. The economy is, in short, still bumping along that celebrated bottom.

This is where the central bankers come in. By their intervention this week they saved the Treasury from having to follow last week's tightening by the Bundesbank. But with neglect still the US attitude to the dollar and Italy in severe difficulties, further exchange rate shocks cannot be ruled out. The British Treasury has reconfirmed domestic primacy, but it holds sway over a battered kingdom.

Grim statistics mask advances

Aids has already claimed a million lives, but drug companies are making progress towards a vaccine, says Clive Cookson



The thousand journalists covering the international Aids conference in Amsterdam this week found it far easier to write scare stories than to report scientific breakthroughs.

One obsession was a mysterious new microbe, possibly responsible for several dozen cases in which patients had symptoms of Aids but no trace of HIV, the virus that normally causes the disease.

On the global level, there were statistics galore to show how "small discrete epidemics have coalesced into a worldwide pandemic sparing no region and virtually no country", as Dr Michael Merson, director of the World Health Organisation's Aids programme, put it. Between 10m and 12m adults and 1m children are infected, 80 per cent of them in developing countries; 2m people have developed Aids and more than 1m have died. Projections for the year 2000 range from 30m to 120m people with HIV.

African delegates described how Aids – spread mainly through heterosexual intercourse – was starting to destroy the social fabric of their countries. Aids patients take up more than half the beds of urban hospitals in countries such as Zaire and Zambia.

The global cost of Aids care, research and prevention was about $10bn (£5.24bn) last year, the Harvard School of Public Health estimates. The US alone has already spent $10bn looking after people with HIV in the 10 years since Aids was first recognised as a disease.

The good news in Amsterdam was too subtle to make headlines. None of the several thousand doctors and scientists at the conference reported anything that even the most excitable journalist could call a big breakthrough. Even so, the pharmaceutical industry is making progress in developing drugs and vaccines. Scientists are uncovering the bizarre biological processes underlying HIV infection and disease.

Within the next year or so, new drugs such as Glaxo's 3TC and Bristol-Myers Squibb's d4T are likely to begin large-scale clinical trials. Although they work in a similar way to Wellcome's AZT, which has had a virtual monopoly of the anti-HIV market since it was rushed into production in 1987, they may have fewer side effects and/or stronger anti-viral activity than AZT.

The latest evidence shows that a "cocktail" of two or more anti-HIV drugs works better than any single medicine on its own. Combination therapy will multiply the benefits of new drugs, but unfortunately not to the extent of curing patients.

A dozen candidate vaccines are in the first phase of clinical trials. None of the uninfected volunteers has suffered any adverse reaction – and their immune systems have developed some of the antibodies required to fight HIV.

Vaccine manufacturers and government health bodies in developing and developed countries are now confident enough to be preparing for large-scale trials, each involving several thousand people, which could start in 1994-95.

There will be formidable ethical problems: how, for example, to obtain informed consent from a partly illiterate group to take part in a trial in which half receive a "placebo" dummy jab and the other half a potentially risky experimental vaccine. Dr Stephen Lwanga, director-general of the Uganda Aids Commission, said his country would collaborate with drug companies on a large-scale trial, on certain conditions. "I'm sure we will come to an amicable understanding on who bears the liability if things go wrong – and who derives the profits if they go right," he commented.

Looking further ahead, scientists at the conference reported remarkable progress in understanding how the human immune system first defends itself against HIV and then, after a few years, begins to succumb to the virus. This has been balanced by new evidence of how HIV itself changes character in a patient over time by genetic mutation. Together these two avenues of research will lead eventually to new ideas for treating HIV.

Now that Aids is in its second decade, scientists are paying attention to the minority of people with HIV who are still healthy more than 10 years after infection. Researchers at the University of California, San Francisco, have discovered that a type of white blood cell called CD8 keeps HIV under control by suppressing the virus in infected cells.

In most people the CD8 cells lose their activity after a few years. Then the CD4 cells – the immune cells normally studied to define the progress of Aids – disappear and symptoms appear. The UCSF researchers are working to develop treatments based on CD8 cells.

The virus itself mutates more rapidly than any other microbe. Not only are there countless different strains, but within each individual person HIV changes character as the disease progresses. In the early years of infection the rate of mutation is relatively low. Later, after the patient's immune defences have collapsed, HIV can quickly change into more virulent forms.

These observations explain why patients become resistant to anti-HIV drugs more quickly in the final stages of the disease. Several experimental drugs have recently been abandoned because the virus quickly became resistant to them.

Researchers are now identifying the precise genetic changes responsible for drug resistance. They will then be able to predict which drug combinations are best able to outwit HIV's genetic variability. This could be used to delay the onset of resistance or even deliberately create resistance in order to weaken the virus. (New evidence suggests that some mutations which make HIV resistant to drugs also make it less virulent.)

The pharmaceutical industry remains committed to converting the advances in basic science into better HIV drugs and vaccines. Drug companies were very visible at the conference, with marketing staff in the vast exhibition hall and researchers in the scientific sessions. The industry spends several hundred million dollars a year on Aids R&D. Compared to the likely commercial return from the products, HIV probably gets a disproportionate share of pharmaceutical research funds, because the companies' scientific credibility would be at stake if they pulled out of such a fast-moving and medically important field.

They got no thanks from the hundreds of Aids activists who were officially accredited to the conference. Act-Up, the most vocal group, targeted several companies for noisy "die-in" demonstrations, accusing them of making excessive profits from overpriced Aids drugs.

Professor Anthony Pinching of St Bartholomew's Hospital in London voiced the concern of many specialists that the activists would go too far. "The industry makes a classic pantomime villain but what they fail to understand is that its commitment and goodwill is jeopardised by their ridiculous abuse," he said. "The executives will eventually decide that Aids is too hot politically and they'll pull the plug."

If the drug companies cut back on research it would be a scare story for the millions of people who are dependent upon them to come up with a cure.

A testing dilemma

The citizens of Illinois have recently ended a well-meaning but ultimately vain attempt to combat Aids. For nearly two years, all couples planning to marry had to be tested for HIV. In theory, it was a good idea – but the people of Illinois did not agree. Loving couples either postponed marriage, or got married in another state.

In the first 12 months, only 159,000 people were tested, at a cost of $5.6m (£2.9m). Of those tested, a mere 23 were HIV positive. Faced with this great cost, the state caved in: the world's most ambitious experiment in compulsory mass HIV testing collapsed.

In Cuba, people found to be HIV positive are forcibly quarantined. Quarantining is also legal in Norway, but has not been put into practice for political reasons.

Nevertheless, experts at this week's Amsterdam conference warned that "criminalisation" of HIV not only does not work; it is also ethically objectionable.

In Sweden, however, 98 per cent of pregnant women are tested for HIV voluntarily. Norway also tests pregnant women. So mass testing, on a voluntary basis, can work.

But with ever more gloomy forecasts about the global spread of HIV, the issue of compulsory HIV testing remains.

Ericsson, the Swedish electrical multinational, tests managers about to go abroad to high risk areas, simply because HIV infection impairs resistance to other diseases. In the UK, companies such as Unilever test managers recruited in high risk areas, on the grounds that they may travel to countries which require a negative HIV test before a work permit is granted.

The US Army screens recruits and rejects those who are HIV-positive, and tests all servicemen and women about every 18 months. The policy seems to have worked. The rate of HIV infection has been dropping; in fact, the US Air Force is making tests less frequent, because its rate has dropped so low.

So mass screening can work, at least in certain circumstances. The fear is the stigmatisation and ostracism that often follows revelation of HIV positive status. Whether or not there is also a new rare undetectable strain of immune deficiency virus, we will soon have to think hard about where and when to test our citizens for HIV.

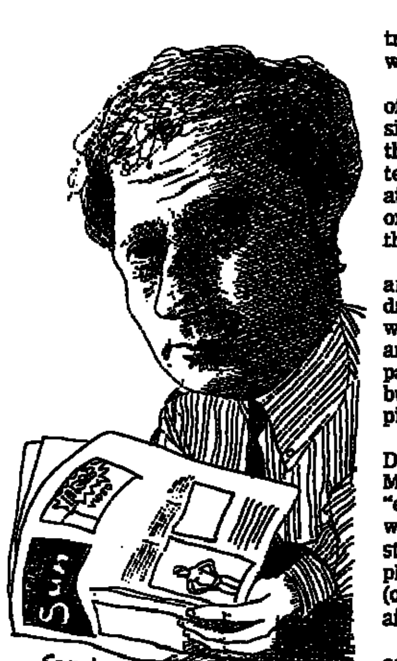
We shall need to learn the lessons from Illinois, confront the issues of civil liberties and stigma, but be sturdily aware that, in a matter of such consequence, the ultimate justification may lie not in the private indulgence of the individual but in the public health of the nation.

Rex Winsbury

The author is publisher/editor of Aids Analysis Africa.

MAN IN THE NEWS: ***Kelvin MacKenzie***

Tabloid terror turned hero



There has rarely been such a tabloid villain as Kelvin MacKenzie, editor of The Sun, Britain's top-selling daily newspaper. His previous convictions are legendary. MacKenzie and his team have been guilty of:

- Lies – such as allegations about the private life of pop singer Elton John which led to a £1m out-of-court settlement, and the headline "The truth" over a story about the behaviour of Liverpool fans before the Hillsborough football stadium disaster, which was no such thing;
- Jingoism – with headlines such as "Gotcha" (one edition) after a British submarine sank the General Belgrano during the Falklands war, and "Up yours Delors" in honour of the president of the European Commission;
- Prejudice – for announcing: "Straight sex cannot give you Aids – official" and suggesting that Aids is nothing for normal folk to worry about;
- Bias – for election coverage that could have come straight from Conservative Central Office – culminating in the election morning front-page picture of Neil Kinnock inside a light bulb and the white-on-blue headline: "If Kinnock wins today, will the last person to leave Britain please turnout the lights."

To his detractors, MacKenzie is the man who has debauched British press standards and is, more than any other, responsible for political threats to introduce statutory controls on press freedom or privacy legislation.

He is keen to protect his own privacy. His Who's Who entry is almost certainly the shortest in the volume: "MacKenzie, Kelvin Calder; Editor of The Sun, since 1981; *b* 22 Oct. 1946; *m* 1969, Jacqueline Mary Holland; two *s* one *d*. *Educ:* Alleyn's Sch., Dulwich. *Address:* The Sun, Virginia Street, E1 9BH. *T:* 071-782 4000."

Admirers, who include Rupert Murdoch, his proprietor, see him as one of Britain's most talented editors, whose loudmouthed tirades sum up what the average person is thinking or is about to think.

Yet on Monday evening, MacKenzie the tabloid terrorist turned into cunningly effective defender of press freedom. As broadsheet editors refined their hand-wringing editorials on the revelations in The People newspaper about heritage secretary David Mellor's affair with an actress, Mr MacKenzie struck out in the only way he knows – by going on the attack.

The Conservative-supporting editor of a Conservative-supporting newspaper pulled his own revelation out of a hat – that during the general election campaign a senior cabinet minister had tried to interest him in a sexual smear of Liberal Democrat leader Paddy Ashdown. The names and addresses of women who, it was claimed, had had affairs with Ashdown, had been supplied by the unnamed minister. The Sun says it checked the allegations and found them to be untrue.

MacKenzie decided it was time to hit back at hypocritical politicians trying to blame newspapers for society's ills. He decided it was time, in his favourite phrase for causing mayhem, to put "a ferret up the trouser leg".

Surprisingly, he chose to drop his bombshell on the Radio 4's rather sedate programme, The World Tonight. It is MacKenzie's favourite radio programme. He listens on the car radio as he travels home with the first edition of The Sun safely to bed. "It's taught me all I know about Bosnia," he says admiringly.

That day, The World Tonight and everyone else were chasing MacKenzie for an interview on the Mellor affair. The television stations were being ignored, but MacKenzie's office was talking to a producer from The World Tonight. No, he would not come into the studio to debate the issue with Labour MP Clare Short. No, he would not come down six floors into a radio car. But he would do a telephone interview from his office.

Presenter Richard Kershaw scrambled to a studio and went straight into an interview with a few scribbled notes. The notion of a privacy bill was simply a cloak to stop newspapers revealing the real intentions of the rich and famous, MacKenzie argued.

"If you don't want to appear in the papers, then don't drop your trousers. It is as simple as that," was his blunt advice to politicians.

And then he took a huge bite out of the hand that he had been kissing as recently as April by telling the story of the senior Tory minister. Kershaw recognised immediately he had an important story and one of far greater significance than that of the minister and the actress.

MacKenzie came out of his office and told staff he might have dropped a clanger. They replied that what he had dropped was a story, and would he please get it into the paper. It missed the first edition, but a trenchant page-one opinion piece was soon produced.

Even The Sun's bitter rival, the Daily Mirror, said that in spite of MacKenzie's fondness for fiction, "even he, we would have thought, would not actually INVENT the story that a Cabinet minister telephoned him with the names of three (or five) women allegedly having an affair with Mr Ashdown".

MacKenzie insists that he had the conversation directly with the senior minister, whom he has refused to name, though government officials have denied the story.

The incident marks an important turning point in relations between government and the press. Two weeks ago, Mr John Major, the prime minister, was indicating to journalists that privacy legislation was becoming more likely. Now, after MacKenzie's counter-attack and this week's declaration from the Press Complaints Commission that the public has the right to know about the private behaviour of politicians if it could affect their official duties, Mr Major is letting it be known that privacy legislation is unlikely.

It is doubtful whether this will be enough to persuade MacKenzie to put the genie back in the bottle.

"The heat will be turned down on the tabloids and turned up on the politicians when parliament returns in the autumn," promises MacKenzie.

Raymond Snoddy

As Clinton surges ahead in the polls, **Jurek Martin** looks at the collapse of morale in the Bush camp

A desperate call to order

What a difference a week can make in politics. Seven days ago, a successful Democratic party convention in New York could not dispel the prevalent sense that this presidential election was still as much George Bush's to lose as it was Bill Clinton's to win. Now the feeling is that the governor of Arkansas is going to have to screw things up very badly (or be screwed by a ruthless negative campaign) not to end up in the White House.

Three factors lie behind the changed perception. First, the polls put Mr Clinton 20-30 points ahead of Mr Bush nationally, the biggest convention "bounce" in history. They show that supporters of Ross Perot, the defunct independent candidate, much prefer Mr Clinton's newly refined semi-populist message of change. Some state surveys now find Mr Bush weaker than anticipated west of the Mississippi, where he stood to gain most from Mr Perot's withdrawal.

Second, Mr Clinton and Senator Al Gore, his running mate, embarked on a 1,000-mile bus odyssey through small towns from New York to St Louis that drew fabulous crowds and rave political reviews. The ticket looked sharp, impressive in its youthful energy, consistent in its themes. Comparisons were drawn with Harry Truman's "whistle stop" train tours of 1948 by those not old enough to remember them.

But finally, and potentially far exceeding any ephemeral qualities in the first two, Bush had a truly terrible week, unsure of himself and looking ratty and his age. The return of James Baker from the State Department to run the White House and the campaign next month was suddenly seen not merely as desirable but as the last, perhaps only, hope of salvaging re-election.

As pundit after pundit pontificated, the problem was no longer Vice-President Dan Quayle (though he is not an asset when matched against Mr Gore), no longer the faltering economy (though, as Alan Greenspan, the Fed's chairman, implied, it is unlikely to come good enough to benefit Mr Bush greatly by November), no longer the defiance of Saddam Hussein or the tragedy of what was Yugoslavia (though both undermine the president's record in foreign policy). The problem, put simply, is George Bush himself.

He did campaign this week, contrary to his promise to keep his powder dry until the convention in Houston next month. Two excursions were disastrous. In New Jersey, he got plain wrong his own education grant proposal for the less well-off; in a Washington suburb he was impaled, in front of the cameras, by a local teacher complaining of his distortions of traditional family values.

He had a crack at Mr Clinton's economic policies, which should have been fruitful because it is not clear how his opponent would simultaneously finance his investment programme and reduce the budget deficit. But Mr Bush could only warn yet again of the dangers of "liberal" and "tax and spend" Democrats running the country.

That worked in the Reagan campaigns and still had mileage in 1988. But the economy is now Mr Bush's responsibility and sloughing the blame for its plight on congressional Democrats does not suggest a way out of the impasse. Ross Perot is not the only American to believe it would help to have the president and the Congress working together for a change – and it is a stone cold certainty that the Democrats will still be running Capitol Hill after November.

Other atmospherics around the president were also depressed. The White House had to fight off endless rumours that Mr Bush was unwell (or that Barbara Bush or Marilyn Quayle were ailing.) Some Republicans in Congress, led by the acerbic Senator Alan Simpson of Wyoming, said they might not even go to Houston. Jack Kemp, the housing secretary and once again, with the Los Angeles riots a fading memory, semi-detached from the government, let it be known that he was proposing to be in Colorado since no speaking slot had been assigned to him.

The "dump Quayle" movement, possibly artfully stoked from a distance by Mr Baker, gathered such force that Mr Bush was obliged to state that his vice-president's future was "certain," whatever that meant, and Mr Quayle to declare that he would step aside if he thought he was hurting his president. He may have then done precisely that by getting into a public disagreement with his wife over what to advise their daughter if she were unmarried and pregnant. Mr Quayle, sounding like a father and not an anti-abortion zealot, said he would support any decision she took; Mrs Quayle, who has strong opinions on many things, stated flatly any baby would be carried to term. Even Mr Clinton sounded sorry for the vice-president.

But to dispose of him for anyone other than General Colin Powell, chairman of the joint chiefs and, never forget, a black, would smack of desperation. Other good candidates exist – Dick Cheney, the secretary of defence, Senator Phil Gramm of Texas, Governor Pete Wilson of California, even, improbably, Mr Kemp – but all are potential rivals of Mr Baker, whose own longer-term ambitions can probably best be served by the return of Mr Bush and Mr Quayle in tandem, unless he runs the campaign himself from second slot on the ticket. But this would make Mr Bush too obviously a puppet and is probably too crude a ploy for a man of Mr Baker's sophistication.

Foreign policy offered no relief, apart from Mr Baker's satisfactory sessions in Israel. Saddam Hussein presents Mr Bush with a very real dilemma. Military action against Iraq might be seen as too transparent an attempt to boost domestic political popularity, whereas failure to do so could be taken as a further abdication of US leadership. The fear of Americans coming home in body bags or civilian targets bombed in error is also real.

Mr Clinton's own warning to Saddam Hussein was both statesmanlike and designed to minimise any advantages accruing to Mr Bush should air strikes be launched. He was also quick to insert the knife with his comment that the imminent transfer of Mr Baker ("the best we've got") showed that Mr Bush cared less about *foreign* policy than about re-election.

Mr Baker is also not inheriting the best campaign team in the business. Lee Atwater, the hard-nosed tactical foil to his own strategic sense in 1988, is dead. Sam Skinner is considered to be out of his political depth as White House chief of staff; Rich Bond, Republican party chairman, compares poorly with Ron Brown, his Democratic counterpart; Clayton Yuetter, domestic policy adviser, still has his heart more in trade and agriculture; Robert Teeter, nominal co-chairman with Mr Skinner, is perhaps too easy with Bush.

It goes beyond mere personalities. The Quayle team of conservatives is never averse to leaking its disaffected thoughts to the media, while others in the Republican party are pursuing separate agendas, including their own re-elections. The calls this week for Mr Bush to ditch his economic policy team – Nicholas Brady, the treasury secretary, and Richard Darman, the budget director – came from one, or both, of these quarters.

Thus Mr Baker has to impose order where it is patently lacking. But mostly he somehow has to take Mr Bush in hand and give shape and purpose to his re-election effort. The way things went this week, he will find the Middle East *a cakewalk in comparison.*

Dream ticket to ride

Richard Tomkins on a train journey into the future

East Grinstead. The year: 2002. Greg Appleby sets out one morning from his home in the West Sussex commuter belt for a business meeting in Edinburgh.

Arriving at East Grinstead station, he drives his electrically powered Rover into the multi-storey car park, takes the keys to the Star Wash kiosk, and leaves instructions for the car to be valeted.

As the moving walkway transfers him from the car park to the station concourse, Greg recalls how, just 10 years ago, the station was a grim and unappealing place. A dreary pre-fab, it boasted nothing but a ticket office, a news stand, a men's and women's lavatory, and five doors on the platform marked "PRIVATE".

Rail privatisation changed all that. A few years ago a local property developer bought the station, built a concourse above track level and created something akin to a mini-airport terminal.

These days, the station hums with activity. A 7-Eleven convenience store sells sandwiches to passengers on their way to work and ready-to-cook meals to those on their way home. People take their clothes to the dry cleaner, swap films at the video library, leave their shoe repairs at the heel bar and pick up their holiday snaps from the photo-processor.

The Brasserie de la Gare, meanwhile, has established itself as one of the better eateries in East Grinstead, and Greg has skipped breakfast at home in favour of coffee and croissants at a table on the air-conditioned concourse.

Three minutes before his train is due to leave, Greg settles his bill and walks past the ticket desks to the departure gates. One leads to the steam-operated Bluebell Railway, which two years earlier extended its tracks to East Grinstead and now runs diesel trains into West Sussex during peak hours. The other leads to the platforms operated by SeaConRail, a subsidiary of Mr James Sherwood's Sea Containers shipping group, which holds the franchise for the main-line commuter services into central London.

Greg, a regular customer at East Grinstead, shows his season ticket to the smartly dressed attendant at SeaConRail's departure gate. "Everything running smoothly?" he asks as she swipes it through the validating machine. The platform door swishes open. "Have we ever let you down, Mr Appleby?" she replies with a smile as he steps on to the waiting train.

The peak-hour service into London is heavily used, but not uncomfortably so. British Rail's decrepit slam-door trains have been replaced with spacious SeaConRail double-deckers, guaranteeing everyone a comfortable seat. There are announcements about the journey's progress from the train captain, telephones and drinks vending machines at the end of each carriage, and complimentary copies of the Financial Times for all who want them.

On the other hand, fares are 60 per cent higher in real terms than they were under British Rail. But because the Treasury is no longer required to subsidise the service, it allows commuters to claim the cost of their season tickets against tax: and passenger numbers have soared as a result of the increased frequency, reliability and comfort that privatisation has brought.

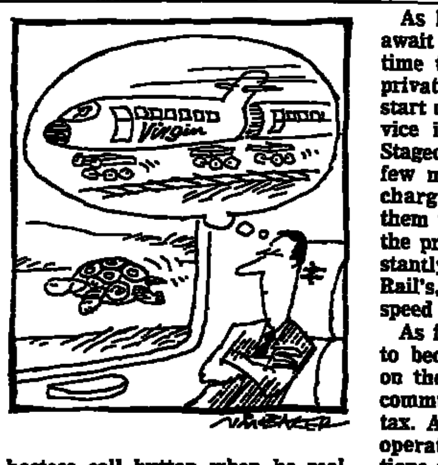
Change is less evident at the London end. Most of the London terminals are listed buildings and the private sector has been chary about the prospects of doing much with them. But one difference is that they now provide a choice of train operators. At King's Cross, two companies run to Edinburgh: Stagecoach, with its frequent, no-frills economy trains, and Virgin, which offers a less-frequent but more comfortable, airline-style service.

In fact Greg has made his choice already: he booked his seat on the Virgin Flyer by telephone from the SeaConRail train. He walks over to the Virgin check-in, picks up his ticket, and takes a complimentary coffee in the departure lounge while waiting for boarding to begin.

Once on the train, Greg remarks on the changes privatisation has wrought. Even economy-class seats on the Virgin train have seat-back video with six channels to choose from. Meals, included in the ticket price, are served at seat by friendly cabin crew. Some carriages have been set aside for families, complete with play areas and baby-changing facilities; others have conference areas and meeting rooms for business people, complete with telephones, fax machines and computer terminals.

Greg watches a business programme on the video, then switches channels for the news. After a pleasant lunch served with a glass of red wine, he finds himself gazing out of the window at the passing countryside, and falls into a slumber.

Suddenly, he is awakened by a jolt. The train has come to an abrupt halt somewhere in northern England. The public address system is buzzing and crackling, but no meaningful sound is coming out of it. Greg is about to reach for the hostess call button when he realises it has disappeared – along with the friendly cabin crew, the airline-style seat, the six-channel video, the remains of his lunch . . .



With a groan, he realises that it has all been a dream. Yes, it is 2002; yes, he is on his way to Edinburgh; but no, he is not on the Virgin Flyer. He is stuck on an ageing British Rail InterCity train in the wilds of Northumberland, there is no explanation for the breakdown, and the buffet car has just sold the last bacon and tomato roll.

As he and his fellow passengers await a rescue, Greg has plenty of time to reflect on the realities of privatisation. Virgin, he recalls, did start up a pilot passenger train service in 1993, closely followed by Stagecoach; but they only lasted a few months. British Rail's track charges were too high to allow them to make any money. Besides, the private sector trains were constantly getting stuck behind British Rail's, so they gained nothing in speed or reliability.

As for SeaConRail, its ambitions to become a franchisee foundered on the Treasury's refusal to make commuter fares allowable against tax. And would-be railway station operators soon realised that stations would never be as profitable as airports, where most passengers are ABC1s with an hour or more to kill while they wait for their planes.

Ah well, at least the Bluebell Railway reached East Grinstead. But elsewhere, it is still the same old British Rail running the same old – very old – trains. Greg looks at his watch, stares gloomily out of the window, and groans again. His business meeting has already ended. It is going to be a long journey home.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Not a rod with which to beat BR, nor a recipe for results

From Mr Edward A Taylor.

Sir, In your article on the Citizen's Charter ("Mixed blessings for the three Ps", July 21) Mr John Beishon of the Consumers' Association criticises British Rail's passenger charter and says "vouchers and petty discounts . . . given grudgingly . . . go nowhere near far enough".

On a recent journey from Wales to Russia my train was 45 minutes late arriving at Reading, so I missed my coach connection and took a taxi to Heathrow airport. I wrote immediately to InterCity and in reply received a charming letter enclosing a cheque for £38 to cover the taxi fare, a £10 voucher and the information that my fishing rod, which I had left on the train, was awaiting collection at Paddington lost property office.

I think that British Rail went as far as could be expected on this occasion and look forward to using my free voucher.

Edward A Taylor,
Leninskii Prospekt 99/251,
Moscow 117421,
Russia

From Mr Alan G Burton.

Sir, Every manager knows that unclear or divided responsibility is a recipe for poor results.

The government stressed with regard to rail privatisation that would-be franchisees for future railway services will have to make commitments to quality, and even suggests that contracts may be withdrawn for failure in this area.

But if Railtrack runs the infrastructure the operator will clearly blame it for delays caused by signal or point failure. Equally if the delay is due to problems on a train run by another operator, the buck will again be passed.

At least at present one can lay responsibility for delays with a single person (the chairman of British Rail) – even if in recent years he has largely failed to improve things.

Alan G Burton,
1 Wealden View,
Burwash,
Sussex TN19 7BW

Getting our own back

From Mr Herbert Haberberg.

Sir, The building societies feel aggrieved and hold National Savings responsible for savers withdrawing funds from them. Strange that some societies seem to have ignored the fact that for some time they have persuaded savers to deposit funds with them, initially at competitive rates, only for savers to find shortly after that interest rates have been unilaterally reduced without them being informed.

Could we be getting our own back?

Herbert Haberberg,
9 Denewood,
New Barnet, Herts EN5 1LX

Failings, and their relevance to what we do

From Mr Paul Williams.

Sir, So the prime minister considers that a minister's keeping or breaking of marriage vows has "nothing to do" with his conduct of departmental duties ("PM backs Mellor's media review role", July 21), nor presumably with the likelihood of his breaking political and electoral promises.

Likewise, Joe Rogaly ("Fat chance of privacy", July 21) agrees, and suggests that Mr Mellor made a mistake in issuing a statement. The experience of Governor Bill Clinton in the US would suggest, however, that public confession and restitution wins support from voters because of its honesty and stops sensationalist reporting in its tracks.

Contrary to Mr Rogaly, we do not need a climate of opinion that "responds to news about (politicians') private lives with a definitive Gallic shrug", but one which recognises that while we all have failings, these are not always irrelevant to what we do.

Paul Williams,
Pieda,
78 Great Clarendon Street,
Jericho, Oxford OX2 6UA

UK/US prices comparison suggests poor competition and excessive profits

From Mr Ernest A Hilton.

Sir, I do not understand your defensive leader, "The price is wrong", when the answer, for consumers on both sides of the Atlantic, is such a clear-cut case. Instead of beating around the bush you should and could have pointed your finger at the astonishing lack of competition in the UK and probably elsewhere in the EC. Where your "soul searching" might pay off is to figure out why there is such a tremendous difference.

My hunch is that cartels function more efficiently in Europe than the competitive idea. What other possible reason can there be for the dramatic earnings differential between UK and US supermarkets? Another example: it is outrageous that the price of a ream of plain copier paper in the US is about one-third of that in London. Your proposal of a searching investigation will result, say in two years, in an overwhelming report with which nothing can be done to create a competitive environment. Unless you can come up with a better idea we shall all continue to, as you say, "pay through the nose".

Ernest A Hilton,
237 Knightsbridge,
London SW7 1DJ

From Mr Hugh Saddington.

Sir, At long last somebody is writing about the excessive profits that companies somewhere in the value chain are making at the UK's consumers expense ("The price is wrong", July 21). Having spent three weeks last Christmas in the US, I have been trying to understand what causes the difference and can only agree with your conclusions.

Goods sourced from the far east as well as traditional English manufactured products such as Churches Shoes are dollar for pound in the US. The issue becomes more insulting when one compares goods in global chains such as Toys R Us where the same dollar to pound parity exists irrespective of where the goods were sourced; in particular, I am thinking of Lego (Denmark), Fisher Price (components manufactured in Mexico – self assembly) and Little Tykes (US).

Product ranges that include baby equipment, clothes electronics, food, compact discs, jeans and Japanese cars all follow the dollar/pound parity. To me this suggests price fixing, as I can not believe that the structural characteristics of such diverse industries are identical. A good example that illustrates how companies push price parity is the Lands End direct mail operation that has recently opened up in the UK. Comparing its US catalogue prices with the equivalent catalogue UK prices, parity holds on most lines.

Hugh Saddington,
2A Carrick Road,
Curzon Park,
Chester CH4 8AW

In spite of problems, partnerships can spearhead regeneration of the inner cities

From Mr David Tagg.

Sir, Your article "Decay eats away at inner cities" (July 14), which analysed the Policy Studies Institute report on urban trends, addresses some of the major issues facing inner cities today.

The letter from Peter Hughes (July 21), leader of the Tower Hamlets council, identifies that in spite of its problems Tower Hamlets still has enormous potential and is greatly improving.

As chairman of the East London Partnership covering the three boroughs of Tower Hamlets, Newham and Hackney, I totally support Peter Hughes' comments.

The East London Partnership was set up two years ago, sponsored by the private sector, to develop a strong working partnership with the local community. We all had a common aim: to improve the quality of life in an inner city area by fostering economic regeneration.

Today that partnership incorporates large and small private sector organisations, the local authorities, the voluntary sector and representatives from the local community. Progress hasn't been easy, but it has been constant. We have built a track record in helping to tackle issues affecting the long-term prospects for East London: issues such as transport, tourism, healthcare, training, employment, education and housing.

A major example of this partnership has been the achievement of all three boroughs in winning City Challenge bids – Tower Hamlets in 1991 and now Hackney and Newham in 1992. The unique blend of private and public sector skills and expertise, local knowledge and the joint will to win made this happen.

Clearly government has recognised the problems of the East End and has responded by heavy investment in London Docklands over the past decade, but problems still do exist.

I am convinced that the mood is changing, even since the report was written. I believe a combination of productive local partnerships together with government funding can continue to spearhead the regeneration of inner cities.

True partnership is not merely about working together on the ground but also about vision and the management of long-term strategic change.

David Tagg,
chairman,
East London Partnership,
director,
Grand Metropolitan,
20 St James's Square,
London SW1Y 4RR

COMPANY NEWS: UK

Albert Fisher chief quits after 'pressure'

By Richard Gourlay

MR TONY MILLAR, who built Albert Fisher into an international fresh fruit and vegetable company worth over £780m at its peak, yesterday resigned as executive chairman following pressure from non-executive directors.

His departure, just more than 10 years after his acquisition of a small Blackburn-based fruit and vegetable supplier, ends an era at one of the acquisition-driven growth stocks of the 1980s.

Over the past year, the City has increasingly questioned Mr Millar's ability to manage growth at a time of tough market conditions even before a profits warning earlier this month.

Mr Stephen Walls, currently a non-executive director, will become non-executive chairman while the board reviews the group's strategic direction.

Mr Walls said that the management changes had been decided by the board, including Mr Millar, after the non-executive directors had acted as "catalysts" for the discussions.

The board had invited Mr Millar to become Honorary President as a tribute to his "vision and performance in creating the group".

Albert Fisher's share price has fallen from a peak of 133p in March last year to a low of 36¼p earlier this week before recovering to 39p, where it closed yesterday.

The profits warning was issued after June sales demonstrated that the price of fresh produce in Europe and North America had collapsed due to a glut in the market.

By that time analysts had already grown wary that the rapid 1980s growth that was fuelled by a string of small acquisitions of family businesses, was not sustainable in markets hit by recession.

Mr Walls yesterday repeated a reassurance that trading, though hit by low fresh produce prices, remained in line with expectations and the balance sheet placed the group in a strong position to take advantage of future growth opportunities.

See Lex

Ashley Ashwood

Tony Millar: departure ends an era at one of the acquisition-led growth stocks of the 1980s

In search of a more fruitful direction

Richard Gourlay on the reasons for the departure of the man who built Albert Fisher

MR Stephen Walls, the new non-executive chairman at Albert Fisher, calls it a victory for corporate governance.

Mr Tony Millar, chairman and chief executive since he started to build the fruit and vegetable producer in 1982, was not ousted on Thursday in a board room coup by non-executive directors.

His departure had been agreed by the board to be in the best interests of smooth transition to a new strategic direction.

But, however Mr Walls, recently chief executive of Arjo Wiggins Appleton, might choose to present the departure of Mr Millar, Albert Fisher is still in deep trouble.

The company that grew through 50 acquisitions to be worth £784m at its peak in March last year has joined a group of 1980s wonder stocks struggling to prove they can cut the mustard in the altogether tougher 1990s.

Judging by Albert Fisher's share price, the jury is still out and not just because Mr Millar's resignation was accompanied by no clearer idea about the security of the dividend payment for the year to August 31.

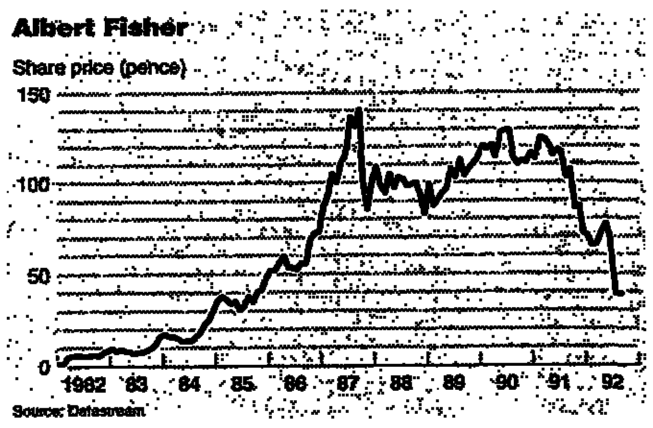
Mr Walls was at pains yesterday to point out that while fresh produce prices in Europe and North America had recently gone soggy, as indicated by the company's profits warning earlier this month, there were no black holes in the company and its overall trading remained in line with expectations.

At a much broader level, however, Albert Fisher is embarking on a reassessment of its strategic direction under the board led by Mr Walls in a non-executive capacity. But there are no clear ideas where it should or will go.

Mr Walls insisted that with the appointment of new chief executives for the European and North American operations, there was no immediate need for a new chief executive until the board had taken a measured look at what to do next.

The emphasis on management structure and long consideration before decisions are taken is a break from Albert Fisher's explosive 1980s history.

Mr Millar came to Albert Fisher and fresh produce from the stable of Mr Michael Ashcroft, the sometimes controversial and always colourful chairman of ADT, the car auction and security group.



Source: Datastream

After three years under the Ashcroft wing and a six months search, Mr Millar homed in on Albert Fisher, a company traded on the Liverpool and London stock exchanges with sales of £7m, as a vehicle for his ambitions.

The fruit and vegetable industry, he realised, was fragmented among family businesses which enjoyed neither economies of scale nor centralised purchasing.

Through frequent issues of new shares – which many institutions now bleating about the recent share performance were then perfectly happy to take up – Mr Millar began to consolidate the industry. Having moved a long way along that path in the UK, he started in 1985 to expand in Europe, based around the Rotterdam markets, and then into the US.

Consolidation of the fragmented industry was followed by moves into frozen food and food processing. In the peak of this heady growth, Albert Fisher produced pre-tax profits of £59m last year on sales of over £1bn but, gripped by its first real recession, the doubts were beginning to set in about the quality of the acquisition-derived earnings.

After years of 20 per cent profits growth, Albert Fisher lost its following and forecasts began to be scaled back. From £97m at the end of last year, market expectations fell to £77m in April.

Then in early July, as the extent of the slump in fresh produce markets in Europe and North America became apparent, forecasts slipped to £60m following a profits warning that was accompanied by the statement that it was "inappropriate" to make any comment about the dividend.

Albert Fisher is not in as bad a shape as some of the other debt-financed acquisitive growth companies of the 1980s. Thanks to the rump of an £180m rights issue in 1990 the group has a strong balance sheet and net cash of £60m.

It leaves Mr Walls, at least, sanguine about the rethink and comfortable with Mr Millar's departure. "Companies change, markets evolve, opportunities change," he said. "We have assessed the situation relative to external and internal confidence [in Mr Millar] and decided that the best thing is to have a change of management."

Amstrad's finance director resigns

By Andrew Bolger

AMSTRAD, the consumer electronics group founded by Mr Alan Sugar, yesterday announced the sudden departure of the group's finance director – the second senior finance executive to leave the company within 48 hours.

News of Mr Peter Thoms' resignation was announced 10 minutes before the market closed yesterday afternoon, giving traders little time to react. Amstrad's shares closed ½p lower on the day at 28½p.

Amstrad declined to comment on the reasons for Mr Thoms' resignation. He said: "I feel hamstrung, but I've been asked to say nothing."

On Wednesday Mr Ken Ashcroft, Amstrad's corporate finance director, left the board as part of the company's restructuring. Mr Ashcroft has become non-executive chairman of Betacom, the telephone equipment distributor which is 71.3 per cent owned by Amstrad.

On Thursday, Amstrad warned that a sharp deterioration in the personal computer market meant it was likely to lose £65m in the year to June 30, on turnover of about £350m. These losses were about £25m higher than market expectations.

Amstrad said Mr Thoms would be succeeded as group finance director by Mr Tony Dean, who joined the group in 1985 and had been designate director, group financial controller since October 1991 and, prior to that, held the position of UK finance director.

No-one was available to comment at Amstrad's brokers, James Capel, financial adviser Kleinwort Benson, or auditors Touche Ross. Herbert Smith, Amstrad's solicitors, declined to comment.

Morland wins bitter battle of independence

By Philip Rawstorne

MORLAND, the Thames Valley brewer, yesterday decisively repelled the £104m hostile bid from Greene King to retain its 280-year-old independence.

The Suffolk-based brewer's bid lapsed after it ended a nine-week takeover campaign with control of 45.95 per cent of Morland's shares.

Greene King launched its bid in May after buying a 28.5 per cent stake in Morland from the Whitbread Investment Company, which also pledged a further 14.9 per cent.

Despite this strong base, Greene King gained less than 4 per cent acceptances from other shareholders at the peak of its assault: and it lost ground in the final days as some Morland shareholders who had accepted the offer withdrew.

The outcome hit the shares of both companies – Greene King's closed 40p lower at 467p while Morland's fell 41p to close at 420p.

Morland's Abingdon brewery – which Greene King would have closed – celebrated the victory yesterday with a barrel of its Old Speckled Hen ale.

Mr Jasper Clutterbuck, chief executive, said: "We are delighted that shareholders have shown their confidence in us. Now it will be back to business. We intend to put into operation the plans we announced during the campaign which will benefit the company enormously."

The £16.9m purchase of 72 pubs from Inntrepreneur Estates is expected to be completed next week. The pubs will increase Morland's estate by 25 per cent. A deal will also be clinched with Courage under which the Australian-owned brewer will buy 5,000 barrels of Old Speckled Hen a year and brew 20,000 barrels of its own beers at Abingdon. The move could generate initial pre-tax profits of £800,000 a year, Mr Clutterbuck said.

Greene King, which has been left with a 29.3 per cent stake in Morland, would take time to assess all its options, said Mr Simon Redman, chairman. "The least attractive option at the moment would be to come back in a year's time with a revised offer."

Greene King intended to continue the expansion of its 800-pub estate and would consider buying a depot in Morland's trading area to push its IPA and Abbot ale brands in the free trade, Mr Redman said.

The company will publish its 1991-92 results, which were held up by the Takeover Panel.

Whitbread Investment Company will retain its 14.9 per cent shareholding in Morland – the maximum level allowed to enable it to comply with the government's beer orders.

It has yet to reduce its stakes in Marston, the Burton-based brewer, and Devenish and Boddington, the pub operators.

See Lex

TSB petitions for George Walker bankruptcy

TSB Bank lawyers confirmed yesterday that they had applied to have Mr George Walker, the deposed chief executive of Brent Walker, declared bankrupt.

The petition, based on a debt of just over £9m, will be heard in the High Court on August 5.

The solicitors said they expected him to be adjudicated bankrupt on that day and a trustee in bankruptcy appointed by his creditors to take control of his affairs.

The trustee will take over Mr Walker's compensation claims arising from his dismissal from Brent Walker.

He alleges that he was wrongfully dismissed.

New look Arlen tumbles £884,000 into the red

By Peter Pearse

ARLEN, the electronics group, showed a turnaround from profits of £120,000 to pre-tax losses of £884,000 in the year to March 31.

Mr Paul Cohen, chief executive, said that emphasis would now be on stability after a period of change.

In the last two years there was the merger with Highland Electronics, the acquisition of Norbain Electronics, the £780,000 cash and £400,000 preference share sale to a management buy-out of Centrepiece Engineering, the closure of Haywood Engineering and the departure of Mr Maurice Dwek as chairman.

Indeed the £350,000 costs of terminating the service contract of Mr Dwek – who has retained 750,000 shares in the company – were taken as an exceptional charge, thereby impacting the pre-tax line.

There was also a sharply increased interest charge of £659,000 (£255,000) derived largely from the Highland and Norbain deals.

Operating profits fell to £125,000 (£719,000) on turnover of £34.1m (£30.2m). Mr Cohen said the fall in margins was because the company had previously carried heavy stocks which had to be "dissipated".

However, Sir Campbell Fraser, non-executive chairman, pointed out that of the post-interest loss of £534,000 only £7,000 related to the second half, as a result of the disposals, management reorganisation and overhead savings.

Losses per share emerged at 3.8p (0.6p). Like the interim, the final dividend is being passed – last time a total of 0.5p was paid.

Over the year borrowings were reduced from £6m to £4m.

Clock stopped over Kalon bid

By Peter Pearse

THE CLOCK on Kalon's hostile £89.5m bid for Manders (Holdings) has temporarily been stopped.

The Takeover Panel yesterday issued a statement saying that the decision whether or not the paint maker's 8-for-3 share offer for the paint, ink and property company would be referred to the Monopolies and Mergers Commission had yet to be made, and that it was unlikely that the outcome would be announced by Wednesday July 29, day 39 of the progress of the bid. The panel has therefore ruled that day 39 will now be deemed the second day after the announcement of the decision.

Kalon has argued that a successful takeover would only boost its market share from 16 to 23 per cent of the whole decorative paints market, while Manders has contended that the merged group would command some 75 per cent of the own-label paints market.

The bid has attracted attention beyond strict financial and competition limits – a Commons motion has been signed by 64 MPs urging that the bid be referred on the grounds that both bidder and target are healthy, profitable companies and that there will be inevitable social damage in terms of job losses.

The Office of Fair Trading, which recommends referral or non-referral to the trade and industry secretary, said yesterday that it was looking at the whole paints market, including the own-label sector, and that it was sounding opinions from interested third parties.

Mr Roger Akers, Manders chief executive, said: "It implies that it is not an obvious not-a-referral situation. We must see that as good news."

Mr Mike Hennessy, Kalon group managing director, said he was not surprised by the delay. "The bid has created considerable interest and it's taking time to evaluate all the issues."

Former MAM chief takes post at Jupiter Tyndall

By John Authers

MR LEONARD LICHT, former vice-chairman of Mercury Asset Management, has moved to the Jupiter Tyndall Group, another fund manager, where he will be group managing director and deputy chairman.

Mr Licht's departure follows those of Mr James Dawnay, formerly in charge of MAM's unit trust business, to Baillie Gifford, and Mr Richard Bernays, a Mercury vice-chairman, to Hill Samuel.

Mr Licht enjoys a strong reputation as a fund manager, and will work on the management of pension funds and other institutional clients.

Mr John Duffield, chairman of Jupiter Tyndall, said: "We have no doubt that as a fund manager Leonard is unsurpassed in his generation and he will enormously strengthen our team."

Mr Peter Stormonth Darling, chairman of MAM, announced that Mr Stephen Zimmerman, Mercury's deputy chairman, will take day-to-day responsibility for the group's specialist equity division with immediate effect following Mr Licht's departure.

Shield reduces loss to £1.37m

The Shield Group, residential property developer and estate agent, announced a reduced pre-tax loss of £1.37m for the year to March 31. The comparative loss was a restated £7.33m.

Turnover improved to £10.6m (£7.1m). Net interest payable was £302,000 (£870,000) and there were exceptional costs of £460,000 (£3.58m). Losses fell to 20.8p (81p) and the directors said that a dividend was unlikely to be paid "for some time".

Sidney Banks 4% ahead

TURNOVER at Sidney C Banks, the agricultural merchants and cereal processors, advanced 28 per cent in the year ended April 30 1992, but the growth in pre-tax profit was limited to 4 per cent.

Sales came to £239.8m (£195.2m) and the profit to £2.29m (£2.21m).

Earnings per share were trimmed to 19.9p (20.2p) while a maintained final dividend of 5.5p increases the total to 8.25p (8p).

The directors said that another harvest of excellent quality meant the company was again unable to make full use of its skills in grain marketing. The volume of sales of farm supplies had been maintained.

Non-agricultural activities continued to make satisfactory contributions.

Recent investments in Banks Odam Dennick and Doltons helped to increase profits.

Cowie extends bid for Henlys

At the first acceptance date T Cowie, the motor trader bidding £26m for rival Henlys Group, had received acceptances in respect of 0.59 per cent of Henlys shares. Cowie has extended the bid until August 7.

Mr Robert Wood, chief executive of Henlys, said holders had recognised the lack of substance in Cowie's arguments."

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
210	F.P.	-	205	201	Anglian Group	203		W8.7	2.0	5.7	11.8
-	F.P.	-	4	2	Brent Walker Wts to Sub	3		-	-	-	-
425	F.P.	-	430	418	British Bio-technology	420		-	-	-	-
130	F.P.	-	148	135	Country Casuals	135		W3.5	2.3	3.5	16.5
-	F.P.	-	32	19	Dwyer A	19		-	-	-	-
100	F.P.	-	98	91	EFM Japan Tst	91	-1	-	-	-	-
-	F.P.	-	36	30	Do Warrants	35	-1	-	-	-	-
500	F.P.	-	495	473	European Smlr Co's Uts	473	-2	-	-	-	-
-	F.P.	-	150	146½	Finsbury Smlr Co's Zero Pf	146½	-½	-	-	-	-
351	F.P.	-	372	347	HSBC HK10	353	-7	Q185c	1.3	3.5	24.7
-	F.P.	-	84	63	Henderson Eurotrust Ord	63		R3.0	-	6.3	-
♦	F.P.	-	99	92	Do Units	92	-1	-	-	-	-
-	F.P.	-	30	27½	Do Zero Div Prf	29¼	-½	-	-	-	-
285	F.P.	-	290	276	Kenwood Appliances	283	+5	W7.5	2.4	3.5	15.0
£10½	F.P.	-	£12¼	£9¾	Latin Am Inc & Appr. 1c	£10		-	-	-	-
-	F.P.	-	41	33½	M & G Recovery Inc.	33½	-½	F3.75	-	14.9	-
-	F.P.	-	25½	12¼	Do. Capital	12½	-½	-	-	-	-
-	F.P.	-	65	46½	Do. Geared Units	47	-1	F3.75	-	10.6	-
-	F.P.	-	122	96	Do. Package Units	97	-1	F3.75	-	5.2	-
115	F.P.	-	122½	113	MFI Furniture	119	-3½	R3.75	2.0	4.2	15.9
-	F.P.	-	11	¼	Multitrust Warrants	11		-	-	-	-
136	F.P.	-	152	143	Quality Care Homes	152	+2	R4.0	2.3	3.5	13.5
140	F.P.	-	154	145	Taunton Cider	153	-1	W4.75	1.9	4.1	16.6
325	F.P.	-	298	274	Telegraph	277	+2	N10.0	2.2	4.8	10.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
-	F.P.	-	15p	8p	Brent Walker Var Rte 2nd Prf '00/07	12p	
-	F.P.	-	12p	4p	Do. 8½pc 3rd Non-Cum Cv Prf 2007/10	6p	
-	F.P.	-	100½p	100½p	Caspen Oil 11% Cnv ULS 94/97	100½p	
100p	F.P.	-	110p	102½p	Commercial Union 8¾pc Cm Irrd Pf	108½p	-¼
100p	F.P.	-	110p	107½p	Fulcrum Inv Tst Zero Div Pf	108¼p	-¼
-	F.P.	-	59¼p	48½p	M & G Recovery Zero Div Prf 1p	53¾p	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
110	Nil	5/8	20pm	5pm	BET	6½pm	+1½
165	Nil	26/8	12pm	3pm	Bundfield	3pm	
205	Nil	19/8	42pm	19pm	Claremont Garments	19pm	-2
82	Nil	1/9	1½pm	½pm	Capid 10p	½pm	-¼
55	Nil	26/8	13pm	13pm	♦Dudley Jenkins	13pm	
5p	Nil	11/8	1pm	½pm	♦Hobson	½pm	-¼
15	Nil	1/9	1½pm	¼pm	Marling Industries	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ♦ Units comprising 1 Ord. and 1 Zero Div. Pref. share.

TRADITIONAL OPTIONS

- First Dealings July 20
- Last Dealings August 1
- Last Declarations October 15
- For settlement October 26

3-month call rate indications are shown on page 11.

Calls in: **Burton, Dixons, BP, Lonrho, Gestetner, Queens Moat, Premier, Lloyds Chemist and Airtours.** Puts in: **Bousteed, Wharfedale, Mayflower and Spring Ram.** Puts & Calls: **Pilkington, P & O and Brit. Aerospace.**

NEWS DIGEST

J&J Dyson hit by exceptionals

AFTER £187,000 for exceptional costs incurred in production rationalisation, pre-tax profit at J&J Dyson dropped 21 per cent in the year ended March 31 1992, from £1.43m to £1.13m.

Before the exceptionals, this group of refractory makers, motor dealers and builders' merchants held its profit to within 6.5 per cent of the previous year, on turnover showing a slight improvement to £49.5m.

Earnings per share were 6.54p (7.4p) and the dividend is again 5p, the final being 3p.

Refractories contributed £913,000 (£1.05m) to profit, motor vehicles and trailers £93,000 (£76,000) and merchanting £127,000 (£84,000). Net interest received was £235,000 (£268,000).

There was a £285,000 profit on sale of fixed assets, treated as an extraordinary credit.

Thornton Pan European assets dip

Net asset value per 10p ordinary share of Thornton Pan-European Investment Trust slipped from 32.8p to 30.3p over the 12 months ended June 30.

Net revenue for the first half of 1992 fell to £74,339 (£125,335) after tax of £28,221 (£42,233). Earnings worked through at 0.37p (0.63p).

Drayton Far Eastern assets drop

The net asset value of Drayton Far Eastern Trust was 90.7p at June 30, a decline of 6 per cent on the 96.3p of a year earlier.

Net revenue for the six months fell from £607,000 to £525,000 for earnings of 0.454p (0.525p) per share.

The interim dividend is held at 0.125p.

Pendragon expands dealerships

Pendragon, a distributor of luxury and executive cars, has increased its Jaguar franchises in the UK to five and its Land Rover franchises to four through the acquisition for £2.8m cash of Stratstone, the central London dealer.

Stratstone has showrooms in Mayfair and the City; its annual turnover is some £21m.

Pendragon has also agreed with Mercedes-Benz UK to set up a new greenfield dealership in Wakefield, starting operations in October. It will then trade from four Mercedes-Benz passenger car dealerships.

LWT and Granada in distribution link

LWT (Holdings), the independent television programme contractor, and Granada Television have agreed to merge LWT International and Granada Television International to form a single distribution company.

The new joint company, to be known as Granada LWT International, will sell programmes for both companies from January 1 1993.

Pittencrieff buys US mobile radio group

Pittencrieff, the Edinburgh-based oil and gas and mobile communications group, has acquired J&J group for some $5m(£2.61m) of which $2.08m will be met by the issue of 498,396 shares.

The group comprises J&J Systems and Mustang Communications, and provides a specialist mobile radio system throughout Texas.

In 1991 the group produced revenue of $3.46m and gross profit of $1.89m.

Pittencrieff says it has identified substantial potential savings in overheads in the acquisition that can be quickly implemented in the near future.

Caird completes sale of dry waste side

Caird Group, the waste management company, has completed the disposal of its Aberdeen-based dry, compactor and confidential waste businesses to UK Waste Management for £1.7m in cash, paid on completion.

The sale completes Caird's disposal of its dry waste division, the English part of which was sold to Cleanaway at the end of December 1991.

Simon Engineering £0.5m purchase

Simon Engineering, the engineering, environmental and industrial services group, has acquired the oilfield production chemical sales and services business in the Uintah basin district of Utah from Jetco Chemicals, a subsidiary of Procter & Gamble, for $1m (£520,000).

The purchase was carried out through Simon's Unichem International subsidiary.

Net asset value falls at Contra-Cyclical

Contra-Cyclical Investment Trust had a net asset value of 35.8p per capital share at June 30 against 51.6p a year earlier.

For the three months to end-June net revenue amounted to £259,269 (£360,370) for earnings per share of 3.4p (4.5p). The interim dividend is a same-again 2.25p.

The trust was incorporated in February 1991 and started trading on March 28 1991.

Assets rise 10% at Independent Inv

The Independent Investment Company, which principally invests in venture capital opportunities, reported a near-10 per cent rise to 60.11p in net assets per share at June 30.

Directors said the rise from last time's 54.8p was achieved despite the "sluggish" economy and a 15 per cent fall in the dollar/sterling exchange rate.

Available revenue for the year was £587,000 (£660,000), equal to earnings of 0.63p (0.71p) per share. The single dividend rises from 0.45p, to 0.5p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 25.07.92: Pool purchase price £/MWh	Final Prices for Trading on 27.06.92: Pool purchase price £/MWh	Final Prices for Trading on 27.06.92: Pool selling price £/MWh
0030	19.91	27.85	30.84
0100	19.91	20.22	22.77
0130	19.91	20.22	22.77
0200	19.91	20.22	22.77
0230	19.91	20.22	22.78
0300	19.91	20.22	22.77
0330	17.84	20.22	22.77
0400	17.49	19.80	22.34
0430	17.49	19.80	22.34
0500	17.49	17.55	17.55
0530	19.23	17.55	17.55
0600	19.23	17.55	17.55
0630	19.23	20.05	22.65
0700	19.23	19.84	22.47
0730	19.92	20.16	22.77
0800	20.19	23.32	26.04
0830	24.12	23.70	26.40
0900	24.39	24.39	27.11
0930	26.26	27.23	30.03
1000	30.24	27.23	29.96
1030	30.24	27.23	29.92
1100	25.26	27.23	29.94
1130	26.26	27.23	29.84
1200	25.26	25.20	27.88
1230	26.26	24.54	27.18
1300	25.26	24.39	27.06
1330	24.39	24.39	27.05
1400	23.03	23.32	25.94
1430	20.78	22.69	25.31
1500	20.78	20.63	23.17
1530	20.78	17.78	17.78
1600	20.78	17.78	17.78
1630	20.78	17.70	17.70
1700	24.32	22.69	26.30
1730	27.99	31.01	33.90
1800	27.99	31.01	33.90
1830	27.99	26.50	29.24
1900	24.32	22.69	26.31
1930	24.32	22.68	25.31
2000	22.75	20.63	23.18
2030	20.19	20.63	23.18
2100	20.19	17.64	17.64
2130	20.19	17.61	17.61
2200	27.99	20.37	22.91
2230	27.99	26.50	29.25
2300	27.99	26.50	29.26
2330	20.19	20.63	23.18
2400	19.93	20.19	22.73

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £19.88/MWh becomes 1.988p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-466789 between 8:30am and 5:15pm Monday to Friday.

ECONOMIC DIARY

TODAY: Opening of the Olympic Games in Barcelona (until August 9).

TOMORROW: Mr Douglas Hurd, foreign secretary, visits Hong Kong. Autumn-Winter fashion shows in Paris (until July 30).

MONDAY: Engineering sales and orders at current and constant prices (May). Quarterly house puchase finance statistics (second quarter). Lloyd's of London extraordinary general meeting. European Community sponsored talks in London on the future of Bosnia due to resume amongst the three warring factions. Professional Association of Teachers Conference in Loughborough (until July 29).

TUESDAY: CBI industrial trends survey (July).

WEDNESDAY: Bricks and cement production and deliveries (second quarter-provisional). London sterling certificates of deposit (June). Monetary statistics (including bank and building society balance sheets) (June). Bill turnover statistics (June). Sterling commercial paper (June). Money market statistics (June). Provisional analysis of bank lending for house puchase (second quarter). United Nations conference in Geneva on refugees in Yugoslav crisis opens. US Senate finance committee holds second of a series of three hearings on the state of US trade policy and the merits of pending trade legislation. English Tourist Board annual report. Interim results from BAT Industries and The Telegraph.

THURSDAY: Energy trends (May). New vehicle registrations (June). Digest of United Kingdom energy statistics (1992). US jobless claims; real gross domestic product (second quarter advance); new home sales (June) and import/export price indexes (June). British Telecom annual meeting. Interim results from ICI.

FRIDAY: US personal income (June) and factory orders (June). British pharmaceutical industry publishes annual review.

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Friday July 24 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Jul 23 Index No.	Wed Jul 22 Index No.	Tue Jul 21 Index No.	Year ago (approx) Index No.	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (176)	737.80	-0.5	8.00	6.09	15.97	20.19	741.86	741.70	748.76	835.32	929.04 20/5	737.80 24/7	1038.87 16/7 /87	50.71 13/12/74
2	Building Materials (22)	783.22	-1.0	6.93	7.16	19.61	25.58	791.39	780.44	793.62	1078.04	1121.52 11/5	780.44 22/7	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (28)	657.44	-1.3	5.29	9.09	41.65	25.20	665.80	670.61	682.80	1162.36	1069.64 11/5	657.44 24/7	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (9)	2257.90	-0.3	7.66	6.70	16.91	68.82	2265.55	2252.59	2271.62	2484.59	2758.50 22/5	2252.59 22/7	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (28)	1907.18	+0.2	8.46	4.57	14.73	44.82	1903.90	1882.78	1892.92	1678.45	2080.64 13/5	1655.93 13/1	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (6)	301.86	-0.7	12.07	8.63	10.49	11.27	304.10	308.45	311.91	422.96	406.10 20/5	301.86 24/7	502.42 13/6 /90	301.86 24/7 /92
7	Engineering-General (43)	458.23	-0.7	8.99	5.26	13.78	11.44	461.61	462.76	469.92	454.10	567.62 20/5	455.80 2 /1	567.62 20/5 /92	339.57 23/1 /91
8	Metals and Metal Forming (7)	280.74	-1.4	5.96	7.85	24.59	6.92	284.72	288.41	291.60	437.20	379.31 18/5	280.74 24/7	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (14)	311.37	-0.6	8.53	7.55	15.43	10.04	313.12	319.46	324.52	322.98	403.06 21/5	277.78 10/1	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (19)	1580.38	-0.4	7.84	5.25	15.36	36.53	1586.15	1590.55	1594.33	1611.62	1906.65 11/5	1495.50 2 /1	1906.65 11/5 /92	277.55 15/1 /81
21	CONSUMER GROUP (189)	1524.72	-0.9	8.02	3.77	15.29	24.61	1539.30	1530.26	1548.49	1513.79	1761.38 11/5	1524.72 24/7	1761.38 11/5 /92	61.41 13/12/74
22	Brewers and Distillers (24)	1945.12	-2.1	8.51	3.76	14.18	29.60	1985.97	1967.43	1995.79	1829.94	2278.85 11/5	1938.05 8 /4	2278.85 11/5 /92	69.47 13/12/74
25	Food Manufacturing (19)	1176.32	-0.6	9.17	4.49	13.49	26.01	1183.47	1183.98	1200.95	1202.95	1327.80 11/5	1176.32 24/7	1327.80 11/5 /92	59.67 11/12/74
26	Food Retailing (18)	2720.59	-0.5	8.97	3.35	14.54	44.70	2734.83	2683.19	2717.33	2698.04	2998.16 18/5	2293.80 10/1	2998.16 18/5 /92	54.25 11/12/74
27	Health and Household (24)	3753.10	-0.3	7.39	2.85	15.41	37.92	3763.67	3791.14	3818.11	3609.42	4654.94 14/1	3680.94 2 /7	4654.94 14/1 /92	175.38 28/5 /80
29	Hotels and Leisure (18)	1092.46	-0.8	7.35	6.26	17.68	23.64	1101.52	1070.61	1103.05	1289.37	1450.36 13/5	1070.61 22/7	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (27)	1438.41	-1.7	7.18	3.70	17.28	27.19	1463.50	1479.07	1496.42	1436.41	1721.09 11/5	1402.70 8 /1	1721.09 11/5 /92	1166.91 16/1 /91
31	Packaging, Paper & Printing (17)	723.80	-0.7	7.12	4.57	17.02	14.76	728.98	724.95	729.86	749.97	875.53 13/5	714.55 2 /1	875.53 13/5 /92	43.46 6 /1 /75
34	Stores (33)	966.53	-0.9	7.80	3.86	16.94	16.96	975.78	956.83	963.91	978.15	1135.66 27/4	941.79 3 /4	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (9)	612.51	-0.5	7.97	5.06	15.65	14.72	615.55	611.02	624.21	576.18	756.70 8 /5	587.29 8 /1	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (118)	1193.39	-0.8	10.44	5.52	11.96	25.61	1202.47	1203.20	1217.26	1269.59	1359.32 11/5	1140.56 3 /4	1359.32 11/5 /92	58.63 6 /1 /75
41	Business Services (17)	1220.10	-1.6	6.89	4.22	17.72	20.78	1240.44	1246.73	1289.10	1324.69	1511.16 11/5	1220.10 24/7	1511.16 11/5 /92	892.28 1 /2 /91
42	Chemicals (22)	1322.11	-1.4	7.97	5.50	15.37	33.10	1340.35	1335.64	1352.07	1416.23	1629.99 8 /5	1322.11 24/7	1629.99 8 /5 /92	71.20 1 /12/74
43	Conglomerates (11)	1174.70	-0.6	10.60	8.02	11.83	23.62	1182.19	1186.68	1198.13	1466.45	1509.94 11/5	1174.70 24/7	1819.46 11/8 /89	975.19 10/11/87
44	Transport (14)	2197.41	-1.6	8.98	5.37	13.74	54.40	2233.55	2227.94	2291.92	2226.48	2790.11 20/5	2197.41 24/7	2790.11 20/5 /92	90.80 29/6 /62
45	Electricity (16)	1312.12	-1.2	15.11	5.59	8.38	38.93	1328.57	1335.76	1332.25	1233.62	1371.71 7 /7	1044.63 7 /4	1371.71 7 /7 /92	994.96 7 /1 /91
46	Telephone Networks(4)	1373.76	+0.6	11.33	4.81	11.51	21.77	1365.95	1365.92	1381.00	1543.28	1505.86 22/5	1274.20 3 /4	1658.67 2 /10/91	517.92 30/11/84
47	Water(11)	2743.42	-1.2	16.33	6.31	6.78	86.85	2775.68	2776.88	2797.16	2466.73	2934.20 11/5	2140.95 8 /4	2934.20 11/5 /92	1820.20 1 /5 /90
48	Miscellaneous (23)	1939.10	-1.0	5.80	5.08	22.68	29.19	1958.02	1955.98	1974.57	2002.88	2167.85 11/5	1770.94 3 /1	2167.85 11/5 /92	60.39 6 /7 /75
49	INDUSTRIAL GROUP (483)	1222.30	-0.8	8.80	4.74	14.13	24.22	1232.34	1228.90	1242.94	1270.95	1427.97 11/5	1222.30 24/7	1427.97 11/5 /92	59.01 13/12/74
51	Oil & Gas (17)	1836.17	-0.9	8.25	7.75	15.94	63.73	1852.92	1848.57	1861.06	2485.61	2226.66 2 /1	1836.17 24/7	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1282.04	-0.8	8.74	5.04	14.29	27.32	1292.69	1289.13	1303.26	1373.85	1493.99 11/5	1282.04 24/7	1493.99 11/5 /92	63.49 13/12/74
61	FINANCIAL GROUP (85)	680.97	-1.2	–	6.62	–	20.06	689.41	681.56	692.43	803.86	802.65 20/5	637.33 3 /4	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	914.41	-1.6	7.22	5.98	19.66	24.58	929.67	910.76	926.87	931.41	1026.34 20/5	790.95 3 /4	1026.34 20/5 /92	62.44 12/12/74
65	Insurance (Life) (6)	1401.13	-0.1	–	6.35	–	44.26	1402.61	1389.85	1411.89	1528.35	1613.38 21/5	1243.61 6 /4	1632.53 4 /9 /91	44.88 2 /1 /75
66	Insurance (Composite) (7)	424.37	-1.7	–	8.20	–	13.46	431.91	431.85	448.25	650.94	564.54 13/5	419.96 8 /4	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	748.43	.....	10.36	8.68	12.70	30.14	748.63	742.44	757.94	1146.65	1031.35 27/1	742.44 22/7	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	433.57	-0.5	–	4.98	–	11.25	435.80	437.34	438.32	425.01	521.89 22/5	405.18 7 /4	547.59 12/10/87	31.21 7 /1 /75
69	Property (31)	568.71	-0.8	10.24	8.06	13.22	19.44	573.01	577.78	571.33	917.78	799.69 20/1	565.38 20/7	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (15)	232.70	-0.5	7.80	7.42	17.36	6.63	233.85	233.72	235.38	247.71	271.79 26/5	221.16 7 /4	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (70)	1082.61	-1.0	–	4.14	–	19.26	1093.75	1093.73	1112.70	1219.77	1273.08 11/5	1082.61 24/7	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (655)	1138.01	-0.9	–	5.22	–	25.23	1148.11	1143.78	1157.21	1235.92	1326.36 11/5	1138.01 24/7	1326.36 11/5 /92	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 23	Jul 22	Jul 21	Jul 20	Jul 17	Year ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♦	2377.2	-22.3	2399.0	2361.7	2399.5	2387.9	2415.6	2403.7	2431.9	2589.3	2737.8 11/5	2377.2 24/7	2737.8 11/5 /92	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Jul 24	Day's change %	Thu Jul 23	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	121.44	+0.10	121.32	1.44	7.77
2	5-15 years (24)	138.88	+0.09	138.75	2.33	7.72
3	Over 15 years (11)	150.70	+0.17	150.43	1.65	7.35
4	Irredeemables (6)	169.19	+0.07	169.07	2.25	7.34
5	All stocks (65)	135.97	+0.10	135.83	1.96	7.85
	Index-Linked					
6	Up to 5 years (2)	173.05	+0.06	172.96	1.21	1.83
7	Over 5 years (10)	149.98	+0.19	149.70	0.45	3.09
8	All stocks (12)	151.97	+0.17	151.71	0.55	2.90
9	Debs & Loans (62)	121.73	+0.06	121.65	2.82	6.21

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jul 24	Thu Jul 23	Year ago (approx.)	1992 High	1992 Low
	British Government						
1	Low	5 years	8.34	8.33	9.01	9.43 2 /4	7.91 1 /6
2	Coupons	15 years	8.75	8.75	9.87	9.72 1 /4	8.65 9 /7
3	(0%-7¼%)	20 years	8.75	8.75	9.87	9.72 1 /4	8.65 9 /7
4	Medium	5 years	9.24	9.25	10.24	10.28 1 /4	9.01 3 /7
5	Coupons	15 years	8.95	8.95	10.07	9.82 1 /4	8.84 1 /6
6	(8%-10¾%)	20 years	8.90	8.91	10.01	9.76 1 /4	8.81 2 /6
7	High	5 years	9.47	9.48	10.41	10.50 1 /4	9.22 3 /7
8	Coupons	15 years	9.12	9.12	10.20	9.96 1 /4	9.00 22/5
9	(11%-)	20 years	9.04	9.04	10.09	9.86 1 /4	8.95 22/5
10	Irredeemables	†	9.03	9.03	10.06	9.92 2 /4	8.95 14/7
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.18	4.17	4.40	4.21 22/7	3.52 4 /3
12	Inflation rate 5%	Over 5 yrs.	4.47	4.48	4.36	4.60 6 /4	4.27 17/2
13	Inflation rate 10%	Up to 5 yrs.	3.42	3.40	3.45	3.50 2 /1	2.86 4 /3
14	Inflation rate 10%	Over 5 yrs.	4.28	4.29	4.17	4.42 6 /4	4.07 17/2
15	Debs &	5 years	10.54	10.54	11.90	11.51 6 /4	10.30 8 /6
16	Loans	15 years	10.31	10.31	11.68	11.22 6 /4	10.07 1 /6
17		25 years	10.17	10.17	11.46	11.02 6 /4	9.98 1 /6

♦Opening index 2398.8; 9 am 2390.3; 10 am 2383.8; 11 am 2390.3; Noon 2381.5; 1 pm 2361.8; 2 pm 2368.9; 2.30 pm 2369.8; 3 pm 2367.2; 4.10 pm 2376.1; (a) 8.35am (b) 1.01pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering – Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323. CONSTITUENT CHANGES: DELETION: Arthur Lee & Sons (8); ADDITION:- Mirror Group Newspapers (30).

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*615)	550	82	90	102	6	12	15
	600	45	55	70	22	28	33
	650	21	33	45	48	53	60
ASDA (*26)	20	9	10	11	2	2½	4
	25	4½	8	7	4	5	5½
	30	2	4	5½	5½	7½	8
Brit. Airways (*248)	220	42	44	50	5	8	10
	240	26	32	38	10	16	18
	260	16	22	28	21	25	27
SmKl Beecham A (*448)	425	43	55	–	10	15	–
	450	25	38	–	19	25	–
	475	15	27	–	34	38	–
Boots (*435)	420	38	46	57	12	17	20
	460	16	26	35	32	36	38
B.P. (*206)	200	19	23	27	12½	16	18
	220	9½	15	20	24	26	29
British Steel (*53)	50	8	9	10½	4	5½	6½
	60	4	5	6½	9½	11	12
Bass (*522)	500	43	53	57	12	22	24
	525	28	–	–	24	–	–
C & Wire (*526)	500	50	62	75	12	19	23
	550	22	34	46	36	43	46
Courtaulds (*461)	460	34	43	56	17	24	26
	500	15	25	34	41	45	48
Com. Union (*425)	420	23	34	39	18	22	29
	460	8	17	21	47	48	54
Fisons (*170)	160	30	38	40	14	20	24
	180	20	28	32	23	32	35
GKN (*355)	330	33	43	47	9	12	18
	360	15	25	30	24	27	32
Grand Met. (*427)	425	26	55	–	18	15	–
	450	14	38	–	34	25	–
I.C.I. (*1097)	1050	77	109	122	28	37	56
	1100	48	80	93	50	61	80
Kingfisher (*442)	420	41	50	60	13	17	21
	460	20	33	40	33	37	40
Ladbroke (*171)	160	24	29	31	12	17	21
	180	14	18	22	24	28	31
Land Secur (*384)	360	37	43	47	5	8	11
	390	16	23	29	16	21	24
M & S (*304)	300	21	27	34	11	14	15
	330	7	14	19	29	32	34
Sainsbury (*444)	420	41	51	60	7½	13	14
	460	17	28	37	27	30	32
Shell Trans. (*457)	420	47	55	56	5	7½	14
	460	17	29	32	21	24	32
Storehouse (*118)	110	15	18	21	4½	7	8½
	120	8½	13	15	8½	12	13
Trafalgar (*62)	60	13	15	19	11	14	15
	70	9	12	15	18	20	22
Utd. Biscuits (*321)	300	35	40	45	7	10	14
	330	16	22	28	19	24	28
Unilever (*930)	900	70	85	102	18	26	31
	950	33	56	74	39	46	52

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Brit Aero (*191)	180	25	38	46	11	23	30
	200	15	29	36	22	35	40
	220	8	22	30	37	54	55
BAA (*630)	600	44	67	79	5	15	23
	650	11	37	52	25	35	45
	700	3	19	30	69	73	76
BAT Inds (*731)	650	90	97	115	2½	9	14
	700	40	62	82	10	24	29
	750	13	35	53	39	49	55
BTR (*423)	390	39	45	55	1½	8	13
	420	16	27	37	7	21	26
	460	3½	11	20	38	45	48
Brit. Telecom (*340)	330	9½	21	28	9	15	19
	360	3	10	15	34	36	38
Cadbury Sch (*466)	460	19	35	50	12	21	28
	500	7½	19	31	38	45	49
Eastern Elec (*276)	260	21	34	39	3	7½	11
	280	7½	21	27	9½	15	20
Guinness (*517)	500	29	45	62	7	19	23
	550	8	24	34	37	46	58
GEC (*224)	220	9	17½	23	4½	8	10½
	240	2½	8	12	18	20	20½
Hanson (*197)	180	19½	22½	25	1½	4½	6½
	200	5	10½	15	7	12½	15
LASMO (*116)	110	18	30	37	12	23	26
	120	14	27	34	18	29	33
Lucas Inds (*98)	90	12	15	17	3	5½	7
	100	7	11	14	7	11	13
P. & O. (*342)	330	25	32	42	8	25	29
	360	11	21	29	25	44	49
Pilkington (*93)	90	10	18	21	5	10	12
	100	5	13	18	11	15	19
Prudential (*229)	220	15	20	27	3	7½	10
	240	3½	10	16	12	18	20
RTZ (*545)	500	53	65	80	5	12	16
	550	16	34	49	16	31	38
Scot. & New (*432)	420	12	29	37	10	18	21
	460	2½	12	18	42	42	45
Tesco (*250)	240	15	22	30	4	10	12
	260	5	13	19	14	19	22
Thames Water (*420)	390	38	48	53	2	6	8½
	420	13	28	33	7	14	20
Vodafone (*309)	300	16	32	38	6	13	17
	330	4	16	24	25	30	33

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*264)	240	28	36	41	3	5½	10
	260	14	24	29	8½	13	16
	280	6	14	19	23	24	28
Amstrad (*28)	25	6	7½	8½	1½	3	4
	30	3½	4½	6	4	5½	6½
	35	2	3½	4½	7½	9½	10½
Barclays (*306)	280	32	40	45	7	12	20
	300	17	28	34	14	21	29
	330	7	16	22	38	40	47
Blue Circle (*185)	160	29	32	37	4	6	8
	180	13	20	25	10	12	14
	194	7	14	–	18	20	–
British Gas (*240)	240	10½	15	21	8	16	17
	260	4	7	12½	24	29	30
Dixons (*198)	180	25	34	39	4½	7½	11
	200	13	22	27	11	15	18
Eurotunnel (*305)	300	30	43	53	18	28	33
	330	14	33	43	36	45	50
Glaxo (*704)	700	44	66	83	29	48	58
	750	22	45	60	59	78	87
Hillsdown (*126)	120	13	18	21	5½	10	12
	130	7	13	16	10	17	19
Lonrho (*84)	80	7	11½	15	6½	9	11
	90	3½	8	10	13	16	17
HSBC (75p shs) (*328)	300	38	49	57	5½	11	18
	330	18	31	39	17	23	31
National Power (*243)	235	12	–	–	8	–	–
	260	2½	9	13	26	27	29
Reuters (*1011)	1000	57	105	130	35	52	64
	1050	33	74	105	64	77	87
R. Royce (*143)	140	11	15	18	6	8½	12
	160	3	6	9	18	22	24
Scottish Power (*184)	180	9	11	13	7	8½	10½
	190	4	6½	–	15	16	–
Sears (*75)	70	10	11	14	2½	5	6
	80	4½	6	8	7½	10	11
Forte (*151)	140	18	22	27	4	8½	11
	160	7	12	18	14	18	21
Thorn EMI (*747)	700	44	62	72	29	20	28
	750	22	33	45	59	43	50
TSB (*138)	130	12	18	20	5	7½	11
	140	6	13	15	11	13	16
Vaal Reefs (*$44)	40	6½	8½	9	2½	3½	5½
	45	3½	6	8	4½	6	8
Wellcome (*826)	800	68	99	123	28	44	49
	850	40	70	94	45	68	72

EURO FT-SE INDEX (*2376)

	2225	2275	2325	2375	2425	2475	2525	2575
CALLS								
Aug	161	119	83	53	33	16	8	4
Sep	181	142	108	78	55	34	21	12
Oct	199	–	128	–	72	–	35	–
Dec	240	–	170	–	110	–	63	–
Mar	275	–	210	–	145	–	95	–
Jun	310	–	245	–	190	–	138	–
PUTS								
Aug	16	23	37	57	86	122	163	208
Sep	24	34	50	71	92	123	161	201
Oct	30	–	54	–	97	–	159	–
Dec	40	–	68	–	109	–	159	–
Mar	55	–	73	–	108	–	155	–
Jun	65	–	95	–	125	–	165	–

FT-SE INDEX (*2376)

	2250	2300	2350	2400	2450	2500	2550	2600
CALLS								
Aug	143	103	68	40	21	11	4	2½
Sep	160	125	95	68	44	26	15	11
Oct	178	140	110	80	60	45	30	20
Nov	–	–	–	–	–	–	–	32
Dec	–	–	–	124	–	72	–	37
Jun †	–	–	–	200	–	146	–	100
PUTS								
Aug	20	34	50	72	105	146	188	238
Sep	32	41	57	85	115	153	190	240
Oct	38	48	70	100	–	157	–	–
Nov	45	59	77	–	–	–	–	–
Dec	–	65	–	97	–	162	–	–
Jun †	–	90	–	–	–	185	–	–

July 24 Total Contracts 20,847
Calls 9,447 Puts 11,400
FT-SE Index Calls 2,616 Puts 5,662
Euro FT-SE Calls 247 Puts 470
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	37	Ladbroke	18	Sears	8½	■ OILS	
Allied-Lyons	48	Comm Union	34	Legal & Gen	29	SmKl Schm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¾
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	■ MINES	
Bowater	60	Glaxo	52	Racal Elect	5½	■ PROPERTY		RTZ	47
Brit Aerospace	26	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec.	30		
BT	25	Hanson	18	Ratners	3	MEPC	26		
Cadburys	38	ICI	95	Reed Intl	44	Mountleigh	1½		

Chicago insurer to pay $475m for Frank B. Hall

By Nikki Tait in New York and Richard Lapper in London

AON Corporation, the acquisitive Chicago-based insurance group, yesterday emerged as the buyer of Frank B. Hall, the troubled insurance broking subsidiary of Mr Saul Steinberg's Reliance Group.

Hall, which ranks as seventh biggest broker in the world with revenues of $462m in 1991, takes in Leslie & Godwin, the leading Lloyd's broker.

Aon will pay $475m for most of Hall's assets, with the consideration comprising $125m in cash, $225m in 8 per cent cumulative preferred stock and $125m in 6.25 per cent cumulative convertible exchangeable preferred stock. The deal makes Aon, which owns the Rollins Burdick Hunter insurance broking operations, the third-largest US brokerage.

It is the latest in a series of realignments in the highly-competitive insurance broking industry. Rollins Burdick Hunter has been expanding operations in Europe, where it acquired the Dutch broker, Hudig Langeveldt, last year.

Aon's presence in the London insurance market, where the group owns a 40 per cent stake in Nicholson Chamberlain Colls, is increased.

Leslie & Godwin, has, like NCC, been a strong player in the aviation insurance market and has a significant retail network in the UK.

Hall, which has made losses in the four of the last five years, has had a troubled history. It was embroiled in a series of lawsuits during the 1980s centred mainly on discontinued or formerly-owned direct underwriting subsidiaries, including Union Indemnity which was eventually declared insolvent.

Under yesterday's deal, Aon will take on only some of Hall's liabilities. Those related to Union Indemnity, and any "errors and omissions" claims against Hall will be excluded. The buyer will not assume Hall's $75m of bank debt nor indebtedness to Reliance.

Reliance will provide $18m a year of reinsurance brokerage commissions to Aon, for 15 years.

Reliance, a New York-based financial services group controlled by Mr Steinberg, owns about 70 per cent of Hall. It said that it expected to show a gain of about $50m after tax when the sale is completed.

The remaining shares in Hall are quoted, and once the asset sale is completed, what remains of Hall will be merged into another Reliance subsidiary and Hall shareholders will receive 0.625 shares in Reliance for each Hall share owned.

Royal Trust quarterly dividend cut to 10 cents

By Bernard Simon in Toronto

ROYAL Trust, the financial services group controlled by Toronto's Bronfman family, has cut its quarterly dividend and is putting up for sale the US banking subsidiary which it acquired less than three years ago.

The measures are a response to the unexpectedly severe slump in North American and UK property markets which has sharply increased the losses which Royal Trust is likely to suffer on its loan portfolio.

Companies in the Bronfman empire are closely linked through investments in each other's common and preferred shares. Problems at Royal Trust and at Bramalea, a property developer, have recently eroded investor confidence in the group.

The company said that RT's dividend cut, from 18.5 cents to 10 cents a share, would not be material to the group's most senior companies, such as Brascan, Hees International and Edper. Brascan has a 23 per cent indirect interest in RT.

RT's share price fell 25 cents in early trading on the Toronto stock exchange yesterday to C$5.75. The shares reached a peak of almost C$36 in 1986. Shares of other Bronfman-controlled companies were little changed.

RT suffered a second-quarter loss of C$8m or 14 cents a share, compared to a C$43m profit or 17 cents a share a year earlier. Loan loss provisions jumped to C$70m (US$58.3m) from C$27m. The weakness of the UK property market led London-based Royal Trust Bank to set aside C$27m in loan-loss provisions. The British operation suffered a C$34m loss.

Non-performing loans in RT's Canadian corporate and commercial loan portfolio have jumped from 1.2 per cent to 5.1 per cent in the past year. The company disclosed that 43 per cent of "discontinued" loans in the US, totalling C$583m, were non-performing.

RT's decision to sell its US subsidiary, Pacific First Bank of Seattle, marks a further humiliating retreat from efforts during the 1980s to expand outside Canada. The company has either sold or closed most of the assets acquired with the purchase in 1986 of Dow Financial Services, the international banking arm of Dow Chemical.

Pacific First has 136 branches, most of which were part of former savings and loan institutions.

Coup puts bank on top down under

NAB's acquisitive streak may not have been satisfied by its takeover of the troubled Bank of New Zealand, writes Kevin Brown

MR Don Argus, managing director of National Australia Bank (NAB), is doing his best not to look smug this week after pulling off a coup which makes NAB the biggest bank in Australia and New Zealand.

Mr Argus has good reason to be pleased.

NAB was roundly criticised during the 1980s for failing to take part in the scramble for domestic asset growth which accompanied the disastrous antipodean entrepreneurial boom.

Instead, Mr Argus and his Melbourne-based colleagues concentrated on reducing costs and expanding overseas, principally through careful acquisitions in the UK and Ireland.

NAB's latest overseas move, the NZ$1.48bn (US$800m) purchase of the troubled Bank of New Zealand (BNZ), announced on Tuesday, has been widely hailed as a deal which offers multiple benefits to all parties.

New Zealand's conservative government has disposed of an embarrassing liability inherited from the previous Labour government, which was forced to rescue the BNZ in 1988 after it faced collapse under a mountain of entrepreneurial debt.

Fay, Richwhite, the New Zealand merchant bank which oiled the wheels of the rescue by taking a 27 per cent stake in BNZ, will emerge from what looked like an embarrassing mistake by breaking even on the deal. But the real winner is NAB, which becomes the largest player in an important regional market at a cost of some NZ$200m less than it was prepared to pay five years ago, when it emerged that a rescue of some kind was inevitable.

Australia's Leading Banks (A$bn)

	NAB	Westpac	ANZ
Total assets	109.6*	107.3	99.2
Interim net profit/(loss)	405.6	(1,067)	135.5
Non-performing loans	4.25	8.19	3.53
As % of risk weighted assets	5.4	10.6	4.5
Capital adequacy ratio (%)	10*	8.4	10.8

*Includes BNZ

Characteristically, the ultra-cautious NAB management has insisted on an eight-week delay in completion of the deal while it conducts a detailed examination of the BNZ books.

The purpose of the delay is to ensure that there are no unexpected holes in the accounts, particularly in the area of non-performing loans and the valuation of the property portfolio.

However, the accounting checks are unlikely to turn up much that has escaped NAB's accountants in the five years since the bank began stalking BNZ.

In addition, the deal limits NAB's exposure to potential taxation, litigation and property revaluation losses to 15.7 per cent of any liability beyond BNZ's existing provisions.

The real significance of the deal is that it confirms NAB's position as the biggest and best of Australia's four leading banks, in terms of both assets and management quality.

The addition of BNZ's assets of NZ$19.8bn (A$14.5bn) will increase NAB's global assets to A$109.6bn (US$81.7bn), putting it ahead of Westpac Banking Corporation with A$107.5bn and Australia and New Zealand Banking Group (ANZ) with A$99.2bn. Commonwealth Bank, the government-controlled bank which was part-privatised last year, has assets of just under A$90bn.

Moreover, NAB has weathered recession and the shake-out from the 1980s better than its rivals, mainly because of tighter control of costs and margins, and its pursuit of the home loans market rather than riskier commercial lending.

As a result, NAB has been able to get on top of its bad debt problems more quickly than its competitors, enabling it to eliminate losses in domestic commercial and finance lending.

NAB recently reported net profits of A$405.6m for the six months to March, which compared with A$135.5m at ANZ and a loss of A$1.67bn at Westpac, after bad debt write-offs of A$2.65bn.

NAB has been helped by the contribution to earnings from its subsidiaries in the UK and Ireland – Clydesdale Bank, Yorkshire Bank, Northern Bank and National Irish Bank – all of which were acquired in the last five years.

The contribution has declined in line with recession in the UK and Ireland from 45 per cent of net profits in the first half of 1990-91 to 31 per cent in the first half of the current year. However, analysts say the decline in European earnings should be reversed when the economy recovers.

Overseas earnings are likely to be be lifted by efficiency gains as NAB brings the expenses of its European subsidiaries into line with the lower levels achieved in Australia.

The acquisition of BNZ increases NAB's overseas assets from 43 per cent of total assets to 51 per cent, giving it a significantly larger overseas investment than either ANZ, at 34 per cent, or Westpac, at 36 per cent.

NAB confirmed after the announcement of the BNZ deal that it remains interested in further overseas acquisitions, particularly in the US or the south of the UK, where it is unrepresented.

The bank's capital adequacy ratio will fall from 11.7 per cent to 10.1 per cent following the BNZ acquisition, but remains well above the 8 per cent level required by the Reserve Bank of Australia.

This would allow Mr Argus to make one or more small acquisitions without returning to the markets for fresh capital. But analysts suggest NAB may have something more exciting in mind in the medium term.

The most unexpected development of the last few years has been the relegation of Westpac, once Australia's undisputed leading bank, to the bottom of the Australasian banking league.

The decline, mainly caused by Westpac's rapid accumulation of poor quality assets in the 1980s, has caused the group's market capitalisation to fall from more than A$7bn to just over A$4bn.

By contrast, NAB's strong performance has lifted its market valuation to more than A$9bn, making it Australia's second largest company after Broken Hill Proprietary (BHP).

NAB is known to have considered bidding for both Westpac and ANZ, valued at just over A$4m, but has been prevented by the ruling Labor government's policy of preventing mergers between Australia's six leading financial institutions.

That policy will disappear if, as seems increasingly likely, the opposition conservatives win the next federal election, due by mid-1993.

If that happens, NAB may need to raise fresh capital, but there seems little to prevent a bid for one of its rivals. That would nearly double its asset base and create an Australian banking group of global importance.

BSN moves against hostile stake-building

By Alice Rawsthorn in Paris

BSN, the French group which is one of the most powerful players in the European food industry, plans to take a defensive step against hostile stake-building by banning any investor from exercising voting rights over more than 6 per cent of its equity.

The proposal, suggested by Mr Antoine Riboud, BSN's veteran chairman, and endorsed by a board meeting yesterday, will be submitted to shareholders at an extraordinary meeting in late September.

BSN has come under the spotlight because of its role in the controversial battle for Perrier mineral water. During the bid BSN broke ranks with its old allies, the Agnelli family of Italy which owns 5.8 per cent of the French food group, to side with Nestlé, its chief competitor, in return for an agreement to buy Volvic, one of the Perrier mineral waters.

The Volvic deal went through earlier this week after the European Commission, initially critical of the tactical liaison between the two rivals, gave the green light to Nestlé's FFr15.46bn ($3.03bn) bid. However, the Perrier drama raised questions about the long-term relationship between BSN and the Agnellis.

BSN's proposals involve limiting the voting rights of any shareholder to a maximum of 6 per cent – the amount held by Lazard, BSN's biggest investor – or 12 per cent if they have double voting rights. This restriction would be waived if any investor acquired more than 90 per cent, thereby facilitating a full bid.

BSN said the voting restriction was necessary because its equity was so widely dispersed that it was anxious to avoid the threat of an investor exercising disproportionate influence over the company by buying a minority stake.

Agnelli finance company improves to L218.4bn

By Haig Simonian in Milan

ISTITUTO Finanziario Industriale (IFI), the financial holding company of Italy's Agnelli family, lifted net profits to L218.4bn ($190.24m) in the 12 months to March 31 from L206.6bn a year earlier.

Consolidated net earnings – reported for the first time – amounted to L285bn, while shareholders' funds came to L3,954bn.

A large part of IFI's earnings stemmed from extraordinary gains, amounting to L71.5bn, on the continuing reduction in its holding in the Fabbri publishing group, which is being sold to Rizzoli-Corriere della Sera. Dividend receipts from companies in which IFI has a stake, notably Fiat, rose to L174bn from L170.9bn. IFI is paying an unchanged dividend of L315 per ordinary share and L365 for savings stock. The entire ordinary share capital is held by the Agnelli family.

● Sprind and Finanza & Futuro, the two Italian investment funds controlled by Mr Carlo De Benedetti's Cofide group, are to merge. The deal will create the country's third-biggest fund management group. The joint concern will have about L4,500bn under management, giving it a combined share of about 7.5 per cent of the Italian fund management market.

Mr Antonio Corti, managing director of Finanza & Futuro, said the merger was designed to allow the two companies to meet the Bank of Italy's recently announced new capital adequacy rules for investment funds without the need to pump in extra cash.

Under the central bank's new requirement, Italian fund management groups will have to have shareholders' funds equivalent to at least 0.5 per cent of their total funds under management, up to ceiling of L20bn. One of the Cofide companies meets the new level, the other does not. The combined operation will have a capital base of over L20bn.

Underwriters take up 50% of Hafnia shares

By Hilary Barnes in Copenhagen

THE underwriters of Hafnia's DKr1.9bn ($333.5m) rights issue were forced to take up about half the troubled Danish insurance group's shares on offer.

Most of the 7.08m A shares were taken up by shareholders, but 77.4 per cent of the 9.30m B shares, valued at DKr977m, had to be accepted by the institutional investors who underwrote the issue, of which Denmark's LD Fund was the main one.

The issue was priced at DKr105 a share, but the B shares traded at about DKr95 during the period of the issue.

Before the issue, now fully subscribed, Hafnia's equity capital was a negative DKr450m.

It is expected that substantial cuts in staff and the sale of some subsidiaries will be announced in the autumn.

Norwegian shipowner's profits reduced by 46%

By Karen Fossli in Oslo

LEIF HOEGH, one of Norway's top three bourse-listed shipowners, disclosed a near 50 per cent fall in first-half net profits to NKr120m ($20.6m) from NKr224m a year earlier.

This followed a plunge to second-quarter net losses of NKr15m from profits of NKr128m in the same period last year.

The deterioration was mainly due to difficult market conditions for the combination carriers, as well as higher operating expenses and a lower average exchange rate between the dollar and the krone, the company said.

Group operating profits in the first half fell to NKr161m from NKr229m. The company said that it considered the operating result to be a good one in view of the prevailing conditions of the shipping markets and the weakened dollar.

First-half freight revenue slipped to NKr1.084bn from NKr1.142bn as operating expenses rose to NKr239m from NKr172m.

The group took a charge of NKr41m for financial losses against a NKr6m gain last time. In the second quarter financial losses hit NKr86m – including foreign exchange losses of NKr79m – compared with losses of NKr4m a year before.

● Vard, the Norwegian cruise and ferry operator, has reported a fall in first-half pre-tax losses to NKr128.5m from NKr190.3m a year earlier.

In the second quarter, Vard cut pre-tax losses to NKr86.8m from NKr138.6m for the same period in 1991.

The group turned round to half-year operating profits of NKr210.21m from losses of NK38.05m. Vard said the outlook in 1992 and 1993 for its cruise operations appeared promising.

Larvik Line, one of Vard's ferry operations, returned to half-year operating profits of NKr11.2m from losses of NKr2.9m.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$357.45	-0.8	$365.20	$358.40	$335.20
Silver Per troy oz	206.57p	+4.67	233.70p	242.70p	201.11p
Aluminium 99.7% (cash)	$1337.5	+28	$1261.0	$1339.0	$1105.5
Copper Grade A (cash)	£1340.5	+22	£1307.25	£1340.5	£1125.0
Lead(cash)	£342.0	+17.5	£325.00	£342.0	£278.50
Nickel (cash)	$7560	+30	$8155.0	$8195.0	$7065.0
Zinc SHG (cash)	$1340.5	+2	$1056.0	$1457.5	$1108.5
Tin (cash)	$7015	+197.5	$5745.0	$7115.0	$5425.0
Cocoa Futures (Sep)	£612	+36	£608	£773	£523
Coffee Futures (Sep)	$753	-29	$534	$1013	$676
Sugar (LDP Raw)	$272.6	-1.8	$282	$272.6	$193
Barley Futures (Nov)	£113.80	-0.40	£113.65	£123.90	£106.90
Wheat Futures (Nov)	£115.45	+0.20	£115.00	£131.85	£109.85
Cotton Outlook A Index	65.10c	-0.15	79.45c	65.90c	52.25c
Wool (64s Super)	381p	-13	382p	480p	377p
Oil (Brent Blend)	$20.625x	+0.25	$19.525	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb x-Sep.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.40-8.55	-0.5
Brent Blend (dated)	$20.60-0.65	+0.2
Brent Blend (Sep)	$20.60-20.65	+0.1
W.T.I (1 pm est)	$21.95-2.00y	+0.10
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$227-230	+2
Gas Oil	$188-190	-0.5
Heavy Fuel Oil	$86-88	+1
Naphtha	$197-199	-1
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$357.45	-1.30
Silver (per troy oz)♣ §§	398.0c	-4.00
Platinum (per troy oz)	$380.35	-3.05
Palladium (per troy oz)	$89.25	-1.60
Copper (US Producer)	119.7c	+0.1
Lead (US Producer)	38.9c	
Tin (Kuala Lumpur market)	17.30r	+0.05
Tin (New York)	327.5c	+2.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.59	+0.73*
Sheep (live weight)†♣	75.13p	-2.09*
Pigs (live weight)†	82.31p	-4.62*
London daily sugar (raw)	$272.6w	
London daily sugar (white)	$299.0w	-0.5
Tate and Lyle export price	£252.00	
Barley (English feed)	£110.00w	
Maize (US No. 3 yellow)	£150.0	
Wheat (US Dark Northern)	Unq	
Rubber (Aug)♥	51.00p	-0.25
Rubber (Sep)♥	51.00p	-0.25
Rubber (KL RSS No 1 Jul)	221.0r	
Coconut oil (Philippines)§	$500.0t	
Palm Oil (Malaysian)§	$380.0y	
Copra (Philippines)§	$340.0	+2.5
Soyabeans (US)	£134.00	-4.5
Cotton "A" index	65.10c	
Wooltops (64s Super)	381p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Sep/Oct w-Jul/Aug y-Sep z-Aug. . †Meat Commission average fatstock prices.* change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices. §§Correction for 16/7/92 394.0c

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	242.00	241.60	240.00 0
Oct	222.00	222.80	221.40
Dec	208.00	209.00	205.00
Mar	211.60	211.40	211.60
White	**Close**	**Previous**	**High/Low**
Oct	274.70	273.10	274.80 272.00
Dec	269.50	268.80	269.50 268.00
Mar	274.00	272.50	274.00

Turnover: Raw 116 (104) lots of 50 tonnes. White 428 (234) Paris- White (FFr per tonne): Oct 1405.41 Dec 1391.29

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Sep	20.62	20.60	20.83 20.54
Oct	20.54	20.53	20.74 20.49
Nov	20.50	20.43	20.59 20.42
Dec	20.45	20.31	20.48 20.29
Jan	20.15	20.20	20.18
Feb	20.15	20.08	20.20 20.15
Mar	19.96	19.85	19.96 19.90
IPE Index	20.54	20.35	20.54

Turnover 31868 (22229)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Aug	190.25	188.50	191.50 188.00
Sep	191.75	190.25	193.00 189.75
Oct	194.00	192.75	195.75 192.00
Nov	195.75	194.75	197.50 194.00
Dec	197.00	195.75	199.00 195.50
Jan	195.75	194.25	196.50 194.25
Feb	192.00	189.75	192.00 191.00
Mar	187.00	186.00	187.75 187.00

Turnover 12514 (9406) lots of 100 tonnes

SPICES

Cumminseed, very firm due to disappointing crop in Turkey. Indian cuminseed offered at usd 3600 per mt, cif Europe. Recent drop of US dollar makes nutmegs and mace more attractive in local currencies. Indonesian cassia firmer because of short covering for July and August shipment. Pimento, Mexico slowly offering Aug/Sep shipment usd 1850, later positions discounted. Ginger, cochin firmer due to rumours about smaller new crop in Dec/Jan and Jan/Feb, quoting usd 1200 cif. Spot discounted usd 1150. Chillies, due to political problems some West African countries are not able to export small red chillies. Quoted at usd 3200/mt.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Jul	590	590	585
Sep	612	599	614 594
Dec	640	630	643 623
Mar	669	659	670 654
May	687	678	687 674
Jul	705	697	703 692
Sep	723	714	710
Dec	749	742	745
Mar	777	769	774 772

Turnover: 5432 (5823) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 23 767.18 (744.95) 10 day average for Jul 24 757.10 (756.17)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Jul	735	749	738
Sep	753	770	765 752
Nov	767	782	779 767
Jan	785	796	792 785
Mar	799	815	810 798
May	818	826	824

Turnover:1868 (1295) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 24: Comp. daily 49.75 (50.03) 15 day average 49.33 (49.14)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	68.5	68.2	69.9 68.5

Turnover 42 (81) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Oct	118.80	120.00	118.80

Turnover 25 (10) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jul	1083	1085	1090 1080
Aug	1110	1110	1112 1105
Oct	1220	1230	1226 1220
BFI	1074	1068	1074

Turnover 288 (230)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Sep	112.15	-	112.15 112.00
Nov	115.45	115.35	115.45 115.15
Jan	119.10	118.95	119.10 119.00
Mar	122.25	-	122.25 121.75
May	125.00	-	125.00 125.00
Barley	**Close**	**Previous**	**High/Low**
Sep	110.25	110.20	110.40 110.25
Nov	113.80	113.80	113.80 113.80
Mar	119.75	-	119.75 119.75

Turnover: Wheat 187 (153), Barley 55 (56).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	106.0	106.8	106.0

Turnover:1 (90) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 41,976 lots
Cash	1337-8	1325.5-6.5		1336-7		
3 months	1360-0.5	1349-50	1368/1351	1360-1	1363-3.5	172,846 lots
Copper, Grade A (£ per tonne)						Total daily turnover 19,798 lots
Cash	1340-1	1342-3	1340/1333	1332.5-3		
3 months	1361-2	1361.5-3.0	1362/1349	1352-2.5	1361-2	137,354 lots
Lead (£ per tonne)						Total daily turnover 6,507 lots
Cash	341.5-2.5	345-3.5		339.5-40.5		
3 months	352.5-3.0	355-5.5	355/350	350-1	349-50	27,851 lots
Nickel ($ per tonne)						Total daily turnover 3,711 lots
Cash	7555-65	7595-605		7565-70		
3 months	7620-5	7660-5	7665/7610	7630-2	7610-20	24,785 lots
Tin ($ per tonne)						Total daily turnover 1,653 lots
Cash	7010-20	7115-25		7000-10		
3 months	7040-5	7145-50	7100/7030	7030-40	7050-60	12,026 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 11,536 lots
Cash	1340-1	1349-50	1332/1332	1331-1.5		
3 months	1356-6	1363.5-4.5	1354/1343	1347.5-6.0	1369.5-0.5	72,203 lots

LME Closing £/$ rate: SPOT: 1.9000 3 months: 1.8693 6 months: 1.8406 9 months: 1.8134

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	357.30-357.60	
Opening	358.10-358.40	
Morning fix	357.90	187.108
Afternoon fix	357.60	187.805
Day's high	359.60-359.90	
Day's low	356.70-357.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.67	6 months	2.73
2 months	2.68	12 months	2.80
3 months	2.69		

Silver fix	p/troy oz	US cts equiv
Spot	206.10	398.00
3 months	213.40	404.60
6 months	218.65	404.70
12 months	229.50	413.15

GOLD COINS

	$ price	£ equivalent
Krugerrand	357.25-359.25	188.00-188.00
Maple leaf	367.95-370.30	-
New Sovereign	86.00-88.00	44.00-46.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1300	62	94	8	20
1350	30	62	26	38
1400	11	39	57	63
Copper (Grade A)	**Calls**		**Puts**	
2550	58	74	45	99
2600	34	55	73	129
2650	19	39	107	162
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
600	104	168	1	1
650	58	122	5	5
700	25	82	22	15
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
550	63	93	1	4
575	41	72	4	8
600	24	53	12	14
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
2000	80	100	15	33
2050	55	67	32	32
2100	21	37		81

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High	Low
Jul	358.3	358.8	0	0
Aug	359.5	358.9	359.8	356.8
Sep	360.3	359.7	0	0
Oct	361.2	360.7	361.5	359.0
Dec	363.2	362.6	363.5	360.4
Feb	365.1	364.5	365.4	362.8
Apr	366.9	366.3	365.3	365.0
Jun	368.8	368.2	0	0
Aug	370.8	370.2	369.9	369.9

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High	Low
Jul	385.8	384.5	0	0
Oct	383.1	382.5	383.3	377.0
Jan	380.6	380.0	380.5	376.0
Apr	380.6	380.0	379.0	377.5
Jul	381.6	381.0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High	Low
Jul	396.6	396.0	0	0
Aug	397.3	396.7	0	0
Sep	398.3	397.7	398.5	395.0
Dec	402.4	401.8	403.0	399.0
Jan	403.9	403.3	0	0
Mar	406.8	406.2	405.5	404.0
May	409.7	409.1	409.0	408.0
Jul	412.5	411.9	411.5	411.0
Sep	415.4	414.8	0	0
Dec	420.0	419.4	419.0	418.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High	Low
Jul	115.05	115.40	115.30	114.20
Aug	115.30	115.45	115.80	114.20
Sep	115.30	115.50	115.80	113.80
Oct	114.85	115.00	0	0
Nov	114.65	114.75	0	0
Dec	114.60	114.55	115.00	113.30
Jan	114.05	114.00	0	0
Feb	113.60	113.50	0	0
Mar	113.10	112.95	113.40	112.20
Apr	112.40	112.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High	Low
Oct	9.92	9.91	9.95	9.82
Mar	9.57	9.55	9.58	9.49
May	9.51	9.48	9.51	9.45
Jul	9.47	9.44	9.44	9.40
Oct	9.35	9.32	9.35	9.35

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High	Low
Sep	22.06	21.96	22.17	21.85
Oct	21.97	21.85	22.04	21.77
Nov	21.86	21.74	21.92	21.68
Dec	21.76	21.63	21.80	21.64
Jan	21.61	21.49	21.64	21.55
Feb	21.46	21.35	21.46	21.35
Mar	21.31	21.20	21.30	21.22
Apr	21.16	21.06	21.16	21.07
May	21.04	20.94	21.04	20.95
Jun	20.89	20.82	20.89	20.89

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High	Low
Aug	6255	6169	6260	6185
Sep	6300	6233	6330	6240
Oct	6375	6323	6415	6330
Nov	6450	6403	6470	6410
Dec	6530	6475	6550	6485
Jan	6540	6487	6555	6510
Feb	6490	6375	6430	6380
Mar	6180	6125	6180	6150
Apr	5930	5895	5930	5900
May	5720	5725	5735	5730

COCOA 10 tonnes;$/tonnes

	Close	Previous	High	Low
Sep	1023	985	1025	997
Dec	1081	1044	1084	1058
Mar	1130	1093	1130	1108
May	1159	1122	1160	1147
Jul	1189	1148	1160	1160
Sep	1219	1178	0	0
Dec	1254	1211	0	0
Mar	1292	1260	0	0
May	1320	1278	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High	Low
Sep	60.10	60.95	60.75	59.90
Dec	62.45	63.15	62.90	62.10
Mar	64.90	65.65	65.50	64.90
May	69.00	69.60	69.00	69.00
Jul	71.10	71.85	0	0
Sep	73.15	73.50	0	0
Dec	76.10	76.90	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High	Low
Oct	62.86	63.45	63.66	62.81
Dec	61.60	62.19	62.35	61.40
Mar	62.55	63.23	63.30	62.40
May	63.10	63.96	64.10	63.10
Jul	63.60	64.40	64.05	63.65
Oct	63.30	63.41	0	0
Dec	63.30	63.36	63.31	63.25

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High	Low
Sep	116.45	115.80	116.65	115.60
Nov	112.45	112.20	112.45	112.00
Jan	111.45	111.25	111.60	111.10
Mar	111.70	111.80	111.90	111.30
May	111.70	112.00	112.25	112.00
Jul	111.30	111.55	0	0
Sep	111.30	111.55	0	0
Nov	111.30	111.55	111.50	111.50

INDICES

REUTERS (Base: September 18 1931 = 100)

Jul.24	Jul 23	mnth ago	yr ago
1570.1	1573.2	1567.9	1701.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Jul.23	Jul 22	mnth ago	yr ago
Spot	117.97	118.06	118.80	122.49
Futures	118.94	119.39	119.87	122.52

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High	Low
Aug	553/2	553/4	555/4	551/6
Sep	553/2	553/6	555/2	552/0
Nov	555/2	557/2	557/4	554/6
Jan	562/4	564/6	564/6	562/2
Mar	570/6	573/2	573/0	570/0
May	577/2	579/6	580/0	577/0
Jul	581/2	583/4	584/0	581/0
Aug	581/4	582/0	584/0	581/4
Nov	578/6	581/0	581/0	578/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High	Low
Aug	18.71	18.87	18.88	18.70
Sep	18.87	19.02	19.03	18.86
Oct	19.08	19.19	19.20	19.05
Dec	19.36	19.46	19.48	19.33
Jan	19.51	19.62	19.60	19.50
Mar	19.80	19.93	19.93	19.80
May	20.09	20.18	20.19	20.09
Jul	20.30	20.38	20.51	20.30

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High	Low
Aug	172.3	172.5	172.9	171.9
Sep	173.1	173.4	174.0	173.0
Oct	189.1	190.7	190.8	189.0
Dec	188.1	189.9	190.0	188.0
Jan	188.0	189.4	189.0	188.0
Mar	187.0	189.3	189.3	186.9
May	186.0	188.4	188.5	186.0
Jul	186.0	189.1	189.0	186.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High	Low
Sep	221/0	223/4	223/2	220/6
Dec	225/4	227/6	227/4	225/2
Mar	234/0	236/4	236/0	233/6
May	239/2	242/0	241/4	239/0
Jul	243/2	246/2	245/6	243/0
Sep	243/0	245/2	245/0	243/0
Dec	243/0	245/2	245/4	243/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High	Low
Sep	336/2	337/0	337/6	334/0
Dec	345/2	346/6	346/6	343/6
Mar	348/2	350/4	350/4	347/6
May	340/0	341/0	344/2	340/0
Jul	326/0	324/2	326/0	324/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High	Low
Aug	72.825	73.175	73.200	72.650
Oct	72.700	72.700	72.775	72.550
Dec	71.175	71.200	71.450	71.150
Feb	70.650	70.675	70.925	70.625
Apr	71.725	71.800	71.900	71.600
Jun	68.900	68.950	69.350	68.900
Aug	67.800	67.850	68.075	67.800

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High	Low
Jul	45.575	45.850	45.850	45.300
Aug	43.150	43.725	43.700	42.950
Oct	38.475	38.675	38.775	38.425
Dec	40.150	40.025	40.300	39.825
Feb	41.225	41.075	41.250	40.850
Apr	39.900	39.825	39.950	39.600
Jun	45.400	45.325	45.500	45.200
Aug	43.500	43.400	43.500	43.300

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High	Low
Jul	33.550	33.650	34.750	33.450
Aug	29.200	29.825	30.000	28.800
Feb	38.350	38.750	39.200	38.025
Mar	38.475	38.950	38.750	37.650
May	38.700	39.950	39.700	38.050
Jul	38.700	38.200	38.700	0
Aug	38.250	39.250	38.250	38.250

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar again testing DM1.50

THE DOLLAR rose over a pfennig against the D-Mark yesterday, buoyed by stronger than expected US durable goods figures and signs that German inflation is falling, *writes James Blitz.*

The US currency was boosted by data showing that new durable goods orders had risen 2.3 per cent in June after a revised fall of 2.2 per cent in May. Some analysts said that this underscored suggestions that the economy was no longer in danger of a double dip recession, while others remain sceptical about whether this alters the depressing outlook for the US economy at all. However, the bulls clearly had the better of the argument yesterday as the dollar closed over 1¼ pfennigs higher at DM1.4995.

The dollar is looking much more comfortable this weekend than it was five days ago. Monday's central bank intervention was highly successful, turning the market around at a moment when many dealers were short of the US currency. There are also signs that German inflation data for July, due out next week, will be lower than expected. Several German states reported low inflation figures yesterday and the market believes that the July number will be down 1 per cent to an annualised rate of 3.3 per cent.

Nobody is too hopeful that these factors will scotch another Lombard rate rise. Mr Theo Waigel, the German finance minister, said yesterday that there was a possibility that the Bundesbank would "relax policy in the foreseeable future," but the remark was later withdrawn by German Finance Ministry officials who doubtless found it a little exuberant. However, Mr Paul Chertkow, head of global currency research at UBS Phillips and Drew, was reasonably optimistic about the upside for dollar/D-Mark. He said that while the US currency may dip in the immediate short term, it could soon test DM1.55 on the upside.

That will also alleviate tensions in the European Monetary System. Yesterday's dollar rise weakened the D-Mark on the crosses, and sterling had its strongest day of the week, closing up 1¼ pfennigs at 2.8500. But dealers say that the pound is still intrinsically weak and very much at the mercy of dollar trading. If the US currency falls back to DM1.47 or DM1.46 in the short term, this will put pressure on sterling. The Italian lira would also suffer. Like sterling, it closed stronger against the D-mark yesterday at L757.70 compared to a previous close of L758.6

The dollar defied apparent intervention from the Bank of Japan to move higher against the yen after another sharp drop on the Nikkei stock market and more talk of a Japanese interest rate cut. The dollar rose to Y127.65 from a previous close of Y126.60.

£ IN NEW YORK

July 24	Latest	Previous Close
£ Spot	1.8960-1.8970	1.9155-1.9165
1 month	1.09-1.07pm	1.09-1.08pm
3 months	3.19-3.17pm	3.21-3.19pm
12 months	11.20-11.1pm	11.35-11.2pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 24	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	173.331	−3.02	6.17	49
Spanish Peseta	133.631	129.942	−2.76	5.89	47
Belgian Franc	42.4032	42.0219	−0.90	3.90	32
D-Mark	2.05586	2.03984	−0.78	3.77	35
Dutch Guilder	2.31643	2.30065	−0.68	3.67	22
Irish Punt	0.767417	0.764865	−0.33	3.31	5
French Franc	6.89509	6.89372	−0.02	2.99	−12
Danish Krone	7.84195	7.85667	0.19	2.77	−19
Italian Lira	1538.24	1547.72	0.62	2.33	−42
Sterling	0.696904	0.717566	2.96	0.00	−58

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8970 - 1.9170	1.8995 - 1.9005	1.10-1.08cpm	6.88	3.20-3.17pm	6.71
Canada	2.2615 - 2.2825	2.2635 - 2.2645	0.92-0.85cpm	4.69	2.77-2.65pm	4.79
Netherlands	3.2075 - 3.2180	3.2075 - 3.2175	⅛-parcpm	0.47	½-⅜pm	0.54
Belgium	58.55 - 58.80	58.60 - 58.70	5-parcpm	0.51	10-5pm	0.51
Denmark	10.9440 - 10.9835	10.9625 - 10.9725	¾-1½oredis	−1.23	2¼-3¼dis	−1.05
Ireland	1.0665 - 1.0690	1.0675 - 1.0685	0.04-parcpm	0.22	0.07-0.01pm	0.15
Germany	2.8435 - 2.8525	2.8475 - 2.8525	⅛-parpfpm	0.26	⅜-⅛pm	0.44

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9000	1.8891	1.8682	1.8388	1.7867
D-mark	2.8500	2.8490	2.8466	2.8440	2.8387
French Fr.	9.6200	9.6150	9.5960	9.5950	9.5650
Swiss Fr.	2.5250	2.5221	2.5148	2.5052	2.4855
Yen	242.50	241.32	238.94	235.29	228.87

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.900	2.850	242.5	9.620	2.525	3.213	2159.	2.264	58.63	181.1	1.398
$	0.526	1	1.500	127.6	5.063	1.329	1.691	1136	1.192	30.87	95.32	0.736
DM	0.351	0.667	1	85.09	3.375	0.886	1.127	757.5	0.794	20.58	63.54	0.491
YEN	4.124	7.835	11.75	1000.	39.67	10.41	13.25	8903	9.336	241.9	746.8	5.765
F Fr.	1.040	1.975	2.963	252.1	10.	2.625	3.340	2244	2.353	60.97	188.3	1.453
S Fr.	0.396	0.752	1.129	96.04	3.810	1	1.272	855.0	0.897	23.23	71.72	0.554
N Fl.	0.311	0.591	0.887	75.47	2.994	0.786	1	672.0	0.705	18.25	56.36	0.435
Lira	0.463	0.880	1.320	112.3	4.456	1.170	1.488	1000.	1.049	27.17	83.88	0.648
C $	0.442	0.839	1.259	107.1	4.249	1.115	1.419	953.6	1	25.91	79.99	0.617
B Fr.	1.705	3.240	4.859	413.5	16.40	4.305	5.478	3681	3.860	100.	308.8	2.384
Pta	0.552	1.049	1.574	133.9	5.312	1.394	1.774	1192	1.250	32.39	100.	0.772
Ecu	0.715	1.359	2.039	173.5	6.881	1.806	2.298	1544	1.619	41.95	129.5	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

Calm end to week

Calm returned to both the sterling cash and futures markets yesterday after the pound consolidated its position on the foreign exchanges and the Bank of England was accomodating with a large shortage.

After a turbulent week in the cash markets, dominated by fears of an imminent rise in Germany's Lombard rate, money market operators had a relaxed day. Several of the German states released sharply reduced inflation figures, suggesting that next week's German cost-of-living figure for July will be down 1 per cent to 3.3 per cent. That eased fears of an interest rate increase when the Bundesbank council meets

o n

Sterling also firmed on the foreign exchanges, rising over 1½ pfennigs. The Bank of England added to the cheer by being very accomodating in its money market intervention, forecasting a shortage of £1.55bn but inviting offers in the early round and having most of the shortage taken out at that stage.

Period rates in the cash market, if not bullish, were at least a bit softer. At the end of the day, 1 month money was offered ⅛ per cent cheaper from its previous close, at 10⅛ per cent. Three-month money was 1/16 per cent softer at 10 1/16 per cent. There was also a slight softening at the long end of the yield curve, with 1-year money dropping back to 10¼ per cent from 10⅜ per cent the night before.

Futures trading was easier. The September contract closed up 4 basis points from its previous finish at 89.76. However, this was far from bullish, bearing in mind that the September contract has been up at 90.25 since base rates dropped to 10 per cent.

Both the futures and cash rates are still pricing in a ¼ per cent rise in base rate, and the mood in the market remains tense. But the feeling is widespread that sterling may have a respite for the next few weeks.

In early operations, the Bank purchased £136m of Band 1 treasury bills, £423m of Band 1 bank bills and £344m of Band 2 bank bills at 9⅞ per cent, and £400m in a repo repayable on 11 and 12 August at 9 15/16 per cent. The shortage was later revised to £1.5bn. In the afternoon, the Bank purchased £30m of Band 1 bank bills at 9⅞ per cent and provided late assistance of £90m.

UK clearing bank base lending rate
10 per cent
from May 5, 1992

August 6.

LONDON MONEY RATES

Jul 24	Overnight	7 days notice	One Month
Interbank Offer	10½	10⅛	10 3/16
Interbank Bid	8½	9¾	10 1/16
Sterling CDs	–	–	10⅛
Local Authority Deps.	9½	9¾	10
Local Authority Bonds	–	–	–
Discount Mkt Deps	10	9 13/16	–
Company Deposits	–	–	–
Finance House Deposits	–	–	10⅛
Treasury Bills (Buy)	–	–	9 27/32
Bank Bills (Buy)	–	–	9 15/16
Fine Trade Bills (Buy)	–	–	–
Dollar CDs	–	–	3.24
SDR Linked Dep. Offer	–	–	6 3/16
SDR Linked Dep. Bid	–	–	6 1/16
ECU Linked Dep. Offer	–	–	11¼
ECU Linked Dep. Bid	–	–	10 15/16

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2843

Treasury 13¾% Stk 2000/03 - £123%
Exchequer 10½% Stk 2005 - £110% (20Jy92)
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £120% ½ %

Corporation and County Stocks
No. of bargains included 1

Corp of London 3½% Deb Stk 83/93 - £94½ (20Jy92)
Glasgow Corp 3½% Irrd Stk - £33 (21Jy92)
Kirklees Metropolitan Council 11.6% Red Stk 2031 - £108½ (22Jy92)
Merton(London Borough of) 11¾% Red Stk 2017 - £109 (22Jy92)

UK Public Boards
No. of bargains included nil

Agricultural Mortgage Corp PLC 6½% Deb Stk 92/94 - £92¾ (20Jy92)
7¾% Deb Stk 91/93 - £98½ (22Jy92)
Port of London Authority 3% Port of London A Stk 29/99 - £70 (17Jy92)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 100

Abbey National Sterling Capital PLC 10⅞% Subord Gtd Bds 2002 (Br £ Var) - £103½ ¾ (21Jy92)
11½% Subord Gtd Bds 2017 - £109% (22Jy92)
Argyll Group PLC 4½% Cnv Bds 2002 - £123 (21Jy92)
Asda Finance Ld 10¾% Cnv Cap Bds2005(Br £5000&100000) - £78½ (22Jy92)
Associated British Ports Hldgs PLC 10¾% Bds 2015(Br£10000&100000) - £98% (20Jy92)
11⅞% Bds 2011 (Br £10000&100000) - £108½ (22Jy92)
BAA PLC 11¾% Bds 2016 (Br £10000&100000) - £114 (22Jy92)
BP America Inc 9½% Gtd Nts 1994 - £98¾ 9.2 ¾ (22Jy92)
Banque Nationale De Paris 10% Nts 1994 - £99½ ½ (17Jy92)
Barclays Bank PLC 10¼% Senior Subord Bds 1997 - £101% 2¾ ¾
12¾% Senior Subord Bds 1997(Br£Var) - £110% (17Jy92)
Blue Circle Industries PLC 10¾% Bds 2013 (Br£5000&100000) - £100 (20Jy92)
6¾% Subord Cnv Bds 2002 - £94½ ¾ (17Jy92)
Blue Circle Industries Capital Ld 10¾% Cnv Cap Bds 2005(Br£5000&100000) - £106½ (21Jy92)
Britannia Building Society 10½% Bds 2000 (Br £10000&100000) - £100% (22Jy92)
British Aerospace PLC 10¾% Bds 2014 (Br£10000&100000) - £90¾ 1 ¾
11¾% Bds 2008 (Br £1000&10000) - £101½ ¾ 2¾ ¾
British Airways PLC 9½% Nts 1997 - £97%
10⅞% Bds 2008 - £100½ (22Jy92)
British Gas Intl Finance BV 8¾% GtdNts 1999(Br$1000,10000&100000) - $108¾ ¾ (21Jy92)

[Pearson Sterling Finance PLC 10⅞% Gtd Bds 2002 - £102% (20Jy92)
Peninsular & Oriental Steam Nav Co 11½% Bds 2014 (Br£10000&100000) - £102% (22Jy92)
Prudential Finance BV 9⅞% Gtd Bds 2007 (Br£5000&100000) - £94¾
RMC Capital Ld 8¾% Cnv Cap Bds 2006 (Br £5000&50000) - £91
Redland Capital PLC 7¾% Cnv Bds 2002 - £90½ (17Jy92)
Royal Bank of Scotland PLC 10⅞% Subord Bds 1998 (Br£5000&25000) - £102¾ (17Jy92)
SKF AB Liquid Yield Option Nts 2002(Reg in ECU) - £42¾ (20Jy92)
Sainsbury (J.)(Channel Islands)Ld 8¾%CnvCapBds 2005(Br - £142 3 (21Jy92)
Severn Trent PLC 11⅞% Bds 1999 (Br £5000&100000) - £107¾
11⅞% Bds 2001 (Br £5000&100000) - £108%
Skandia Capital AB 11% Gtd Nts 1996 - £102¾
Slough Estates PLC 11¾% Bds 2012 (Br £ Var)(25% Ptly Pd) - £23¾ 4¾ (20Jy92)
6% Cnv Bds 2003 - £114 (20Jy92)
South West Water PLC 10⅞% Bds 2012 (Br £10000&100000) - £105%
State Bank of New South Wales Ld 12¾% Nts 2001(Br$AVar) - $A114¾ 5¾ (20Jy92)
Sun Alliance Group PLC 10⅞% Nts 1997(Br £1000,10000&100000) - £101¾
Svensk Exportkredit AB Zero Cpn Nts 1994 - $92¾ 3¾ (21Jy92)
Sweden(Kingdom of) 8¾% Bds 1996 - $109½ 10 (21Jy92)
TSB Group PLC 12% Subord Bds 2011 (Br £10000&100000) - £112½ (17Jy92)
Tarmac Finance (Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £86¾
Tate&Lyle IntFin PLC/Tate&Lyle PLC 5¾% T&LItFnGdBds 2001(Br) W/WtsT&LPLC - £79¾ (21Jy92)
Tesco PLC 10¾% Bds 2002 (Br £Var) - £102¾ (20Jy92)
Tesco Capital Ld 9% Cnv Cap Bds 2005(Reg £1) - £114¾ .31 .44 ½ 5 6
Thames Water PLC 9½% CnvSubordBds 2006(Br£5000&50000) - £115 ¾ (21Jy92)
Thames Water Utilities Finance PLC 10½% Gtd Bds 2001 - £105½ (17Jy92)
THORN EMI Capital NV 5¾% Gtd Red Cnv Prf 2004 (Br£5000) - £120½ (22Jy92)
3i Group PLC 8⅞% Nts 1994 - £99
10¾% Gtd Bds 2001(Br£1000&10000) - £103¾ (21Jy92)
Trafalgar House PLC 10⅞% Bds 2006 - £91¾ (22Jy92)
10⅞% Bds 2014 (Br£10000&100000) - £92% (22Jy92)
United Kingdom 8¾% Treasury Nts 24/1/95 (Br ECU Var) - EC96.4 (20Jy92)
Wellcome PLC 9¾% Bds 2006 - £97¾ (20Jy92)
Woolwich Building Society 11⅞% Subord Nts 2001 - £104¾ (22Jy92)]

Sterling Issues by Overseas Borrowers
No. of bargains included 21

American Medical International Inc 9½% Uns Ln Stk 2011 - £70 (22Jy92)
Caisse Centrale De Cooperation Econ 12¾% Gtd Ln Stk 2013(Reg) - £127% (22Jy92)
Caisse Nationale Des Autoroutes 16% Gtd Ln Stk 2006 - £151 (21Jy92)
Credit Foncier De France [illegible]

Listed Companies(excluding Investment Trusts)

[illegible]

Investment Trusts

[illegible]

ULS 2005 10p - 114
British Empire Sec & General Trust 10⅞% Deb Stk 2011 - £103 (17Jy92)
British Investment Trust PLC 5½% Prf Stk(Cum) - 254 (21Jy92)
11.125% Secured Deb Stk 2012 - £111¾ 2¾
C.S.C.Investment Trust PLC Ord 25p - 75% (21Jy92)
Capital Gearing Trust PLC Ord 25p - 310 (22Jy92)
City Merchants High Yield Tst PLC Ord 25p - 96 (17Jy92)
Clemente Korea Emerging Growth Fund Shs $10 (Reg Lux) - £8¾♦
Contra-Cyclical Inv Tst PLC Inc Shs 1p - 94 (21Jy92)
Cap Shs 25p - 12
Zero Div Prf 50p - 67¾
County Smaller Co's Inv Tst PLC Ord 25p - 74 (22Jy92)
Wts to Sub for Ord - 18 (22Jy92)
Dartmoor Investment Trust PLC Units (Comp 1Ord&1Wrt)(FP/PAL-31/7/92) - 107 (17Jy92)
Drayton Blue Chip Trust PLC Ord 25p - 72
Zero Div Prf £1 - 124
Drayton Korea Trust PLC Ord 25p - 64
Wts to Sub for Ord - 13
EFM Income Trust PLC Zero Div Ld Vtg Right Prf 25p - 47♦
EFM Japan Trust PLC Ord 25p - 90 (22Jy92)
Wts to Sub for Ord - 37 (22Jy92)
Exeter Preferrd Capital Inv Tst PLC Ord 95p - 109¾ 10 ¾
Zero Cpn Deb Stk 2002 - £39 (17Jy92)
Fidelity European Values PLC Ord 25p - 91
Wts to Sub for Ord - 25 (21Jy92)
Fifth Throgmorton Co PLC 7.25% Cnv Uns Ln Stk 2003 - £110♦
Finsbury Smaller Co's Trust PLC Zero Div Prf 25p - 148
Fleming Emerging Mkts Inv Tst PLC Ord 25p - 96 7 ½
Fleming Far Eastern Inv Trust PLC 5% Cum Prf £1 - 50 (21Jy92)
Fleming Inc & Cap Inv Trust PLC Ord Inc 25p - 58 9
Fleming Japanese Inv Trust PLC Wts to Sub for Ord - 24 4.5¾ 5

[illegible]

Prf 100p - 122
Scottish Eastern Inv Trust PLC 4½% Cum Prf Stk - £40 (21Jy92)
Scottish Investment Trust PLC 3.5% Cum Pfd Stk - £45 (21Jy92)
Scottish National Trust PLC 10% Deb Stk 2011 - £101 (21Jy92)
Shires Investment PLC Warrants to sub for Ord - 38 (20Jy92)
TR City of London Trust PLC 10¾% Deb Stk 2020 - £102¾ (22Jy92)
Templeton Emerging Markets IT PLC Ord 25p (RFD-1/5/92) - 188 (21Jy92)
Throgmorton Trust PLC 12 5/16% Deb Stk 2010 - £118¾
Witan Investment Co PLC 8¾% Deb Stk 2016 - £88¾

Miscellaneous Warrants
No. of bargains included 32

Bankers Trust International PLC PutWtsRel to FT-SE 100 Index 30/3/94 - £18.35 (20Jy92)
Barclays De Zoete Wedd Wts Ld A PutWtsRlgto FT-SE 100 Index 25/9/92 - £0.02 (22Jy92)
Put Wts (Srs D) Rltg FTSE 100 29/9/92 - £0.54 0.55 0.56 0.57 0.58 0.67 0.7 0.73
Put Wts (Srs E) Rltg FTSE 100 29/9/92 - £0.24 0.31
Put Wts (Srs F) Rltg FTSE 100 29/9/92 - £0.11
Put Wts (Srs G) Rltg FTSE 100 29/9/92 - £0.0375 0.04 0.05
Call Wts (Srs N) Rltg FTSE 100 30/3/93 - £1.11 1.15 (20Jy92)
Put Wts (Srs M) Rltg FTSE 100 30/3/93 - £1.42 1.49
Put Wts (Srs N) Rltg FTSE 100 30/3/93 - £0.79
Put Wts (Srs O) Rltg FTSE 100 30/3/93 - £0.48 0.53 0.65 0.85
Citibank N.A.A Put Wts Rel.to DAX Index 16/9/92 - DM0.17

D Put Wts Rltg to FT-SE 100 Ind 25/3/93 - £0.54
C PutWtsRelto FT-SE 100 Index 15/12/93 - £0.14

USM Appendix
No. of bargains included 281

Apollo Metals PLC 8p(Net) Cum Cnv Red Prf 10p - 150 (21Jy92)
Associated Energy Services PLC Ord 1p - 5
BLP Group PLC Ord 50p - 32 (21Jy92)
Banner Homes Group PLC Ord 10p - 21 (21Jy92)
Beckenham Group PLC 9% Red Cum Non-Vtg Prf £1 - 36 (21Jy92)
Chemex International PLC Ord 1p - 2¾ (22Jy92)
EIT Group PLC Ord 5p - 26 (21Jy92)
Farepak PLC Ord 10p - 235 (20Jy92)
Gibbs Mew PLC Ord 25p - 140 (17Jy92)
Great Southern Group PLC 8.75p Cum Cnv Red Prf 5p - 108 (21Jy92)
Grosvenor Inns PLC Ord 10p - 72 (22Jy92)
Hughes (T.J.) PLC Ord 10p - 74 6 (22Jy92)
Mid-States PLC Ord 10p - 40 (17Jy92)
Midland & Scottish Resources PLC Ord 10p - 11 ¾ ½ 2 ¼ ½
Oliver Resources PLC Ord I£0.01 - I£0.025
Porth Group PLC Ord 20p - 2
Property Trust PLC Ord 25p - 33
Savage Group PLC 5.5% (Net) Cum Red Cnv Prf £1 - 48 (20Jy92)
Simpsons of Cornhill PLC Ord 5p - 32
Total Systems PLC Ord 5p - 43 (21Jy92)
URS International IncShs of Com Stk $0.01 - 0¾
Wharfedale PLC Ord 5p - 13 (22Jy92)
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 - 175 (20Jy92)

Rule 535(2)
No. of bargains included 40

African Gold PLC Ord 1p - £0.09 0.095 0.095825‡
All England Lawn Tennis Ground Ld Deb 91/95 £2000 - £11500 12100 (22Jy92)
Ann Street Breweries Co Ld Ord £1 - £3.15
Cnv Red 2nd Prf £1 - 27¾ 8 (21Jy92)
Barclays Investment Fund(C.I.)Global Income Fund - £0.434 (17Jy92)
Biocure Holdings PLC Ord 1p - 55 (20Jy92)
Celltech Ld Ord £1 - £2.4
Channel Islands Comms (TV) Ld Ord 5p - £0.21♦
Clucas Cleaners Ld Ord £1 - £2½ (20Jy92)
D.B.S.Management PLC Ord 10p - £2¾ (17Jy92)
Dawson Hldgs PLC Ord 10p - £2.8 (17Jy92)
Elamol Hldgs PLC Ord 10p - £5¾ (22Jy92)
Exchem PLC Ord 50p - £2.28
INVESCO MIM Britannia Int Ld Japan Income & Growth - £1.147‡ (22Jy92)
Jennings Bros Ld Ord 25p - £1.6075 (21Jy92)
Kleinwort Benson(Int) Fund Man Japanese Fund - $0.6162 (21Jy92)
KB Gilt Fund - £13.81‡ (22Jy92)
Int Equity Gwth Inc - £1.862
Lawrie Group PLC Ord £1 - £17 18 19 (22Jy92)
M&G(Guernsey)Island Gold Fund Accum Units - £10.24 (21Jy92)
Manx Petroleum PLC Ord 5p - £0.47
Mid Anglia Radio PLC Ord £1 - £2 (17Jy92)
National Parking Corp Ld Ord 10p - £3½ (20Jy92)
Newbury Racecourse PLC Ord £100 - £2250 (17Jy92)
Perpetual(Jersey)Offshore Emerging Co's - $3.9208 (17Jy92)
Offshore UK Growth - $2.1588 (21Jy92)
Poddington PLC Ord 5p - £0.03 (21Jy92)
Quay Properties Ld £1 - £1.05 (17Jy92)
Rangers Football Club PLC Ord 10p - £0.65
C Deb Stk £1500 - £1500
Regent Inns PLC Ord 25p - £0.62 0.63
Rothschild Asset Management(CI)Old Court Major UK Co's Fund - £0.8492 (21Jy92)
Saxon Hawk Group PLC Ord £1 - £1 (17Jy92)
Select Industries PLC Ord 2½p - £0.03
New Ord 7½p(2½p Regd) - £0.015 0.02 (22Jy92)
Severn River Crossing PLC 6% Index-Linked Deb Stk 2012 - £97½ (17Jy92)
Shepherd Neame Ld "A" Ord £1 - £4½ (22Jy92)
Southern Newspapers PLC Ord £1 - £2¾ 2¾
Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.4
Thwaites(Daniel)& Co PLC Ord 25p - £1.8
Vardon PLC Ord 25p - £0½ 0.5025 (21Jy92)
Weetabix Ld "A" Non.V Ord 25p - £11
Yates Bros Wine Lodges PLC Ord 25p - £1 (17Jy92)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv A$1.99 (20/7)
Devex A$0.746
Idaho Power Co $26♦
McCarthy Group 52 (22/7)
North Flinders Mines A$3.9
Oil Search 30½
Playmates Hldgs HK$3.703 (20/7)
Sappi Ltd $10.75 (21/7)
Singapore Land 150
Storer Communications SK261 (20/7)
Westfield Minerals 38
Wong Indl Hldgs HK$12.42♦ (22/7)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Gulf worries depress share prices

By Terry Byland
UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Jul 27	Aug 10	Aug 24
Option Declarations:		
Aug 6	Aug 20	Sep 3
Last Dealings:		
Aug 7	Aug 21	Sep 4
Account Day:		
Aug 17	Sep 1	Sep 14

*New time dealings may take place from 8.30 am two business days earlier.

CONCERN over mounting tensions in the Middle East dealt a further blow to fragile confidence on the London stock market yesterday. Share prices reacted more severely in the UK than in other European bourses to reports at mid-session that US warships in the Gulf had been placed on alert after the UN inspection team had left Iraq. The FT-SE Index rallied before the close but the day's fall of 22.3 made a total loss over the two week equity trading account of 4.6 per cent.

The session opened nervously as the 542.15 fall in the Nikkei Average turned attention back towards the problems of the Japanese markets.

But UK equities suffered only minor losses until lunchtime, when a combination of a sell programme from a leading UK house and the unsettling news from the Gulf sent the market into a nosedive.

With the September stock index future contract leading the way, the market fell 37.8 to 2,361.7 at the day's low, breaking through the 2,376 support line. A slow rally set in later and the final reading put the FT-SE Index at 2,377.2.

Government bonds traded quietly, closing just below the best with gains of nearly ¼ at the long end of the range as traders continued to assess the implications of the government's plans for restraining public spending in the future.

In the equity market, poor trading volume remained the principal feature. The day's Seaq total of 495m shares compared with 512.9m on Thursday when the retail or customer component was worth only £976m, still on the low side for a profitable market.

The institutions, which provide the bulk of the customer business in equities, have kept out of the market this week. However, Sharelink, Europe's largest execution only stockbroker, which deals extensively for private investors, said that 60 per cent of these clients had traded on the buy side last week.

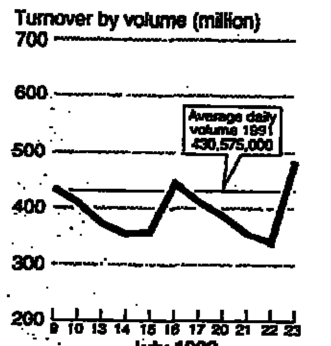
Traders sounded disappointed by the lack of interest in trading for the new trading account which opened last night, and a further check to confidence came when the finance director of Amstrad, the computer manufacturing group, resigned. But fund managers were pre-occupied yesterday with the close of the Wellcome share flotation.

Investment sentiment remained clouded in London, with the developments in Iraq providing further cause for concern in a market unsettled by economic uncertainties.

● Retail, or customer, business in equities has remained below last year's daily average levels as recession worries depress confidence.

London SE volume

Turnover by volume (million)



Wellcome success claimed

AS book-building for the Wellcome share offer closed last night, lead managers for the global tender process were confident of success. Nevertheless, the shares slipped dangerously closer to the 800p minimum set for the issue price by managers Robert Fleming. The shares closed 4 lower at 826p with a hefty 1.6m traded.

Wellcome Trust, the governing charity which holds 73.5 per cent of the pharmaceutical company's equity, has planned to release 330m shares, or 38.5 per cent. To create a healthy interest in the aftermarket, and prevent the share price slipping after the sale has been completed, initial orders for some 380m to 400m shares are considered necessary.

As trading finished, Fleming indicated that it had received orders for around 350m shares with yesterday's interest from the US still awaited. Mr Ian Hannam, who is heading the global co-ordination for Fleming said; "We have to wait for final indications but, as at 4.30pm, the target amount has been exceeded. Considering the state of the market it has been a phenomenal achievement."

Sceptics maintained their doubts over the full flotation of the 330m shares and some small selling in London on behalf of a US client who wanted to buy American Depositary Receipts knocked the market price. However, early positive comment by the head of investment at Legal & General helped sentiment, and it appeared that UK institutions were finally showing their hands.

Amstrad surprise

News of another resignation from the board of Amstrad came just a few minutes ahead of the official close, giving traders little time to react. Dealers said they expect the shares to open sharply lower on Monday, possibly around 23p to 24p, after the market has had time to assess the latest developments. "Amstrad is seen as an unmitigated disaster," said one electronics specialist who added that no more news would be forthcoming from the company ahead of its results in October.

What little activity took place after the news was on a small scale and left the shares ½ off at 28½p. Turnover reached 3.2m shares, with traders talking of some large deals booked after the close.

Analysts were dismayed at the resignation of Mr Peter Thoms, group financial director. The news came only a day after Amstrad revealed that its losses for the year end-June will be around £25m more than previously expected, or in the region of £65m.

Earlier this week it was revealed that corporate finance director, Mr Ken Ashcroft, was leaving to head up Betcom, Amstrad's 71 per cent owned telephone manufacturing subsidiary.

Shell downgraded

Shell suffered heavy selling after UK analysts dissected second-quarter results from US oil giant Exxon, focusing on the poor performance of non-US refining and marketing earnings, which fell by around two thirds compared with the first quarter.

County NatWest lowered its forecast for Shell's second quarter current cost net income from £520m to £470m compared with the £952m it recorded in the first quarter.

Shell closed 9 weaker at 458p, having touched 454p earlier in the session. There were also stories that one of the big Japanese broking houses had been recommending a switch out of Shell and into British Gas.

ICI easier

Anyone who had spent just over a year on a desert island and was ignorant of Hanson's £240m investment in ICI would have been none the wiser yesterday. On the morning of Smith New Court's initial market raid in May 1991, for Hanson, the stock stood at 1100p. This stake was sold in May this year for a reputed 1400p a share. Yesterday, the shares dipped below 1100p for the first time since just before the deal, losing 18 to 1098p.

Smiths' chemical team, which has had its teeth into ICI for many months, refuses to let go. The house has steadily reduced its 1992 forecast from around £1.1bn to £750m and believes the interims next Thursday will produce only £430m. The house recently suggested the shares would be worth picking up at the current price but, because of the poor state of the London market, it is now believed to be content for them to drift off another 50p.

A Kleinwort Benson sell note hit General Accident, down 5½ at 363p, while worries about Guardian Royal Exchange's life assurance book saw the shares, badly hit at one point on Thursday, dip 7 to 114p on heavy turnover of 6.8m.

Lasmo closed a busy week on a thoroughly depressed note. A series of selling raids, only partly arrested by highly encouraging exploration reports, kept the shares on the retreat all week; yesterday they fell again, closing a further 8 lower at 117p, after a low of 113½p.

The shares have slumped amid worries that the group may pass its interim dividend, when the figures are revealed next Wednesday. They were also damaged by fears that the company may be dropped from the prestigious Footsie list of top shares.

Yesterday Kleinwort Benson, the influential London broking firm, lowered its net asset value for Lasmo to 207p. Other London analysts are thought to have chopped their asset values in recent days, with some said be much lower than the Kleinwort figure.

BP held at 206p against a very weak equity market, with the shares propped up by some determined buying interest, said to have originated in the US. Big overseas buying, especially from Switzerland and the US has been a feature of trading in BP in recent sessions.

Greene King lost 30 to 467p, as its bid for Morland (down 41 at 420p), failed, resulting in acceptances of only 45.95 per cent.

Bass slipped 17 to 522p on good turnover of 2.1m, following a report that broker Cazenove had cut forecasts.

Food services and distribution group Albert Fisher closed unchanged at 39p, but turnover was a hefty 4.4m in reaction to news that Mr Tony Millar, the executive chairman, had resigned. The company said overall trading remains in line with expectations.

Northern Foods fell 9 to 580p after the chairman told the annual meeting that the group had seen no improvement.

Mirror Group continued to attract support, adding 3 at 72p on heavy turnover of 11m. However, suggestions that a stakeholder would be revealed shortly after the close of trading proved unfounded.

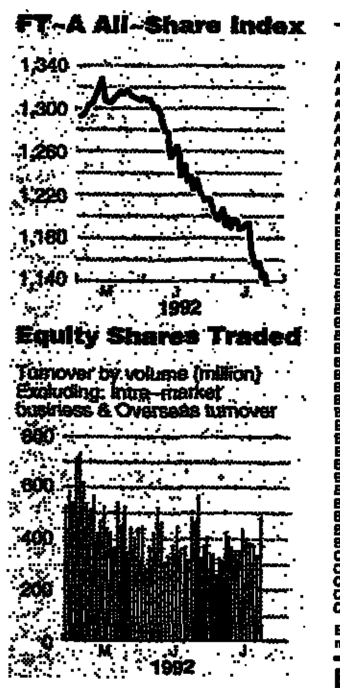
Middle East worries prompted a decline in some transport stocks. British Airways fell 10 to 248p, while BAA eased 12 to 630p. Inchcape fell 19 to 392p, after Hoare Govett cut forecasts.

News of an order worth about £500m from Canada for 50 EH101 advanced technology helicopters boosted Westland by 4 to 108p. British Aerospace continued in the doldrums, the shares losing another 7 to 192p. The clutch of downgrades in Lucas Industries continued to dog the shares which shed 3 to 99p, though traders reported buying at the lower levels. Turnover reached 4.2m

MARKET REPORTERS:
Joel Kibazo, Colin Millham, Peter John, Steve Thompson.

■ Other market statistics, Page 11

FT-A All-Share Index



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (8).
MEDIA (2) TVS Entertainment, Ulster TV, METALS & METAL FORMING (1) Morris Ashby, STORES (1) Etam, MINES (2) Mount Burgess, Sons Gwalia.
NEW LOWS (201).
BRITISH FUNDS (1) Ex 13½pc '92, BREWERS & DISTILLERS (5) Burn Stewart, Fuller STA, Grand Met, Highlands, Wolv & Dudley, BUILDING MATERIALS (12) BMSS, Cape, Epwin, Evered Bardon, Hepworth, Heywood Williams, Do Cv Pf, Ibstock Johnsen, Do Wts, Meyer, Tarmac, Wolseley, BUSINESS SERVICES (3) SNB, Comac, Corp Services, CHEMICALS (4) Courtaulds, Ellis & Everard, ICI, Leigh Intrs, CONGLOMERATES (1) Chillington, CONTRACTING & CONSTRUCTION (12) AMEC, Barcom, Countryside Props, Gleeson (MJ), Higgs & Hill, Lilley, McAlpine (A), Prowting, Torex Hire, Vibroplant, Westbury, Wilson Bowden, ELECTRICALS (1) Oxford Instrs, ELECTRONICS (4) Lexicon, Molynx, Peek, Psion, ENGINEERING AEROSPACE (1) FR, ENGINEERING GENERAL (4) BSS, Babcock Intl, Bromsgrove, Locker (T), FOOD MANUFACTURING (1) Booker, FOOD RETAILING (2) Ashley, Brake Bros, HEALTH & HOUSEHOLD (5) Fisons, Hasmocell, London Intl, ML Labrs, Mayborn, HOTELS & LEISURE (6) Chrysalis, Euro Disney, Ex Lands, First Lsle, Friendly, Wharfdale, INSURANCE BROKERS (1) Hogg, INSURANCE COMPOSITE (1) General Accident, INVESTMENT TRUSTS (86) MEDIA (3) Aegis, City of London, Lopex, MERCHANT BANKS (1) Close Bros, METAL & METAL FORMING (3) Apollo Metals, Ash & Lacy, Brit Steel, MISCELLANEOUS (1) Waste Mangt, MOTORS (2) Caverdale, Lucas, OIL & GAS (3) Aviva, LASMO, North Sea Assets, OTHER FINANCIAL (2) Henderson Admn, Ivory & Sime, OTHER INDUSTRIAL MATERIALS (3) Expamet, Vinten, Wates Blake, PACKAGING, PAPER & PRINTING (2) Ferry Pickering, Stat-Plus, PROPERTY (8) CMW, Cabra Ests, Greycoat, Hambro Countrywide, Mucklow, Property Tst, Scottish Metrip, Southend Prop Wts, Town Centre, Wates City of Lon, STORES (7) Alexon, Austin Reed N/V, Courts, Hughes (TJ), In Shops, Liberty, Smith (WH), TEXTILES (3) Lister, Sirdar, Utd Uniform Servs, TRANSPORT (4) Clarkson (H), Norex, P & O Cv Pf, Seafield, MINES (8) De Beers Lnk Units, Gencor, Greenwich Res, Kalis Minerals, Melinga Res, Minorco, Plateau, Sth African Land.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	33	3	46	135	131	144
Other Fixed Interest	4	0	11	18	12	45
Commercial, Industrial	102	440	897	658	2,436	4,097
Financial & Property	26	281	486	281	1,354	2,334
Oil & Gas	10	12	64	59	95	276
Plantations	0	0	9	0	2	43
Mines	22	32	95	143	157	445
Others	19	42	81	170	189	332
Totals	216	810	1,689	1,464	4,376	7,716

FINANCIAL TIMES STOCK INDICES

	July 24	July 23	July 22	July 21	July 20	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.19	89.16	89.21	89.18	88.96	84.74	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	105.80	105.78	105.74	105.68	105.63	93.95	106.35 (8/7)	97.15 (2/1)	106.35 (8/7/92)	50.53 (3/1/75)
Ordinary Share ●	1789.1	1806.1	1803.0	1831.0	1824.1	1998.2	2149.7 (22/5)	1789.1 (24/7)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	93.1	93.6	93.3	96.7	95.8	188.6	160.6 (10/1)	83.6 (8/7)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2377.2	2399.5	2387.9	2415.6	2403.7	2579.6	2737.8 (11/5)	2377.2 (24/7)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1088.40	1094.87	1095.41	1109.52	1109.13	1168.01	1248.79 (11/5)	1088.40 (24/7)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord. Div. Yield	5.17	5.11	5.11	5.04	5.05	4.74				
●Earning Yld %(full)	7.48	7.39	7.40	7.26	7.27	8.14				
●P/E Ratio(Net)(☆)	16.84	17.03	17.02	17.35	17.32	15.18				
SEAQ Bargns 5.00pm	22,099	19,583	18,612	20,485	23,153	29,383				
Equity Turnover(£m)†	-	978.0	715.9	864.1	950.0	958.18				
Equity Bargains†	-	22,120	20,185	22,239	24,883	31,000				
Shares Traded (ml)†	-	490.9	339.9	378.4	387.3	454.8				

Basis 100 Govt. Secs 15/10/26 Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55 Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.67

Ordinary Share Index, Hourly changes — Day's High 1806.9 — Day's Low 1780.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1806.8	1801.5	1796.7	1801.5	1795.1	1780.1	1785.6	1783.6	1788.6

FT-SE 100, Hourly changes — Day's High 2399.0 — Day's Low 2361.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2398.8	2390.3	2383.8	2390.3	2381.5	2361.8	2368.9	2367.2	2375.7

FT-SE Eurotrack 200, Hourly changes — Day's High 1094.46 — Day's Low 1084.50

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1093.24	1093.33	1094.10	1092.18	1084.63	1088.42	1087.23

GILT EDGED ACTIVITY

Indices*	July 23	July 22
Gilt Edged Bargains	136.2	90.4
5-Day average	99.0	91.7

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	5	445	-10	Comm. Union	351	425	-2	Lonrho	3,100	84	+2	Shell Transport	9,100	458	-9
ASDA Group	12,000	28½		Cookson	458	132	-1	Lucas	4,200	99	-3	Siebe	259	630	-6
Abbey National	2,300	265	-2	Courtaulds	1,000	481	-8	MB Caradon	1,000	228	-3	Slough Ests	785	117	-8
Albert Fisher	4,400	39		Dalgety	25	395	-6	MEPC	929	264	-1	Smith (W.H.) A	1,100	370	-8
Allied-Lyons	2,300	614	-6	De La Rue	123	574	+9	Manweb	625	344	-9	Smith & Nephew	2,100	138	-1½
Amstrad	3,200	28½	-½	Dixons	1,700	199	-4	Marks & Spencer	4,100	305	-2	SmKl Beecham	2,200	449	-1
Anglian Water	1,100	400	-1	Eastern Elect.	3,200	278	-4	Midlands Elect.	763	302	-7	SmKl Beecham Uts	665	409	
Argos	222	221		East Midland Elect.	1,600	289	-8	NFC	772	227	+3	Smiths Inds	438	271	+6
Argyll Group	4,800	347	-3½	Eng China Clays	2,100	444	-5	NatWest Bank	3,900	314	-6	Southern Elect.	487	290½	-8½
Arjo Wiggins	1,200	215	-3	Enterprise Oil	291	327	+1	National Power	2,200	243	-4	South Wales Elect.	150	350	-5
Ass. Brit. Foods	37	402	-3	Eurotunnel Units	293	305		Next	980	87	-2½	South West Water	2,400	403	-9
Ass. Brit. Ports	33	283	-1	FKI	827	74	-1	North West Water	2,000	418	-6	South West. Elect.	391	300	-4
BAA	756	630	-12	Fisons	3,000	171	-4	Northern Elect.	829	321	-6	Southern Water	103	385	-5
BAT Inds.	3,000	732	-9	Forte	1,300	152	-3	Northern Foods	1,200	580	-9	Standard Chartd.	61	442	-4
BET	2,000	118	+1½	Gen. Accident	1,600	363	-5½	Norweb	450	337	-6	Storehouse	112	119	-2
BICC	150	281	-2	General Elect.	4,100	225	+1½	Pearson	1,500	348	-12	Sun Alliance	2,500	238	-4
BOC	1,000	638	-8	Glaxo	3,700	705	-1	P & O	1,500	342	-11	T&N	710	135	
BP	15,000	207		Glynwed Int.	88	202		Pilkington	1,000	94	-2	TI Group	657	305	-4
BPB Inds.	634	144		Granada	693	239		PowerGen	1,500	254	-4	TSB	3,400	138	+1
BT	6,500	340	+1½	Grand Met	3,000	477	-11	Prudential	2,900	230		Tarmac	4,500	66½	-2½
BT New	6,800	238	+2½	GUS A	145	1436	-10	RHM	356	179	+1	Tate & Lyle	391	322	-9
BTR	5,700	423	-2	GRE	6,800	114	-7	RMC	125	489	-4	Taylor Woodrow	561	59	
Bank of Scotland	1,300	108		GKN	204	355		RTZ	1,300	546	+3	Tesco	7,400	250	+1
Barclays	2,500	307	-7	Guinness	3,700	517	-13	Racal	3,200	66½		Thames Water	982	421	-1
Bass	2,100	522	-17	HSBC (75p shs)	7,500	529	-8	Rank Org	523	551	-4	Thorn EMI	1,000	750	-3
Berisford Int.	0	14½		Hammerson 'A'	39	258	-1	Reckitt & Colman	317	590	+4	Tomkins	391	458	-2
Blue Circle	836	185	+1	Hanson	3,800	187½	-1½	Redland	1,000	453	-9	Trafalgar House	3,400	63	-4
Booker	305	385	-12	Hanson Warrants	1,400	23¾	-½	Reed Intl.	2,800	497	-18	Unigate	525	274	+1
Boots	1,200	436	-11	Harrisons Crosfield	199	126		Rentokil	409	148	+1	Unilever	988	931	-8
Bowater	947	733	-8	Hillsdown	1,100	127	+4	Reuters	1,300	1011	-19	United Biscuits	715	321	-3
Brit. Aerospace	2,000	192	-7	IMI	341	234	-2	Rolls Royce	3,000	143	-2	Utd. Newspapers	156	382	-2
British Airways	6,900	248	-10	ICI	1,200	1098	-18	Rothmans	101	1049	-8	Vodafone	3,800	314	+6
British Gas	4,100	241	-½	Inchcape	1,800	392	-19	Ryl Bk Scotland	1,200	176	-2	Warburg (SG)	84	487	-1
British Land	1,700	178	-1	Kingfisher	1,200	443	+2	Royal Insurance	1,000	180	-7	Wellcome	1,800	826	-4
British Steel	22,000	53	-1½	Kwik Save	73	634		Saatchi	128	118	+3	Welsh Water	374	432	-7
Bunzl	42	85	-1	Ladbroke	4,500	172	-3	Sainsbury	5,000	444	-4	Wessex Water	236	488	-8
Burmah Castrol	488	641	-5	Land Securities	717	384	-1	Scottish & New	1,000	432	-5	Whitbread 'A'	833	405	-1
Burton	3,500	38½	-2	Laporte	148	537	-8	Scot. Hydro-Elect.	812	196½	-2	Williams Hldgs	2,500	257	-5
Cable & Wire.	2,500	527	+2	Legal & General	454	336	-1	Scottish Power	1,700	184	+1	Willis Corroon	281	207	
Cadbury Schweppes	1,000	486	+1	Lloyds Abbey	1,800	349	-1	Sears	1,900	76	+1	Wimpey	584	109	-3
Calor Group	47	180	+1	Lloyds Bank	5,400	409	-11	Sedgwick	111	183		Wolseley	437	313	-5
Carlton Comms.	254	579	-5	LASMO	6,200	117	-8	Seeboard	149	310	-3	Yorkshire Elect.	733	343	-3
Coats Viyella	1,600	172	-1	London Elect.	437	294	-4	Severn Trent Water	576	384	-6	Yorkshire Water	635	442	-9

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

INCREASED tension in the Middle East and continued nervousness in the London market as the trading account drew to a close, provided the background for a retreat in stock index futures, writes Joel Kibazo.

Having opened at 2,415, the September contract on the FT-SE Index saw early selling with dealers focusing on the heavy fall in the Tokyo market overnight. A spate of bear closing inspired a brief recovery before the worries over the Middle East brought out sellers again. The contract had fallen to 2,368 by lunchtime, and had pulled the cash market lower.

Then, a firm opening on Wall Street and belief that earlier falls had been overdone helped the contract rally. September ended at 2,384, down 38 on Thursday's close and around 10 points below its estimated fair value premium to cash of about 18. Turnover reached 8,908 lots.

Traded options remained dull. Turnover of 20,894 contracts was well below the 30,000 break even level. Some 8,303 contracts were dealt in the FT-SE 100 option. BTR was the most active option with total of 1,639 lots transacted.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	109.7979	+0.567	8.54	8.78	8.84
BELGIUM		9.000	06/01	100.2000	-0.050	8.96	8.94	8.94
CANADA *		8.500	04/02	105.8000	+0.050	7.62	7.86	8.23
DENMARK		9.000	11/00	98.2500	-0.120	9.29	9.17	9.12
FRANCE	BTAN	8.500	03/97	96.6679	-0.281	9.39	9.30	9.03
	OAT	8.500	11/02	96.3750	-0.575	9.04	8.97	8.79
GERMANY		8.000	01/02	99.4200	+0.070	8.07	8.09	8.02
ITALY		12.000	05/02	91.9900	-0.640	13.95†	13.67	13.20
JAPAN	No 119	4.800	06/99	98.3175	+0.001	5.13	5.26	5.59
	No 129	6.400	03/00	107.6590	-0.125	5.01	5.16	5.33
NETHERLANDS		8.250	02/02	99.0600	-0.050	8.37	8.37	8.32
SPAIN		11.300	01/02	92.9000	+0.300	12.59	11.95	11.42
UK GILTS		10.000	11/96	102-09	+0/32	9.33	9.30	9.27
		9.750	08/02	104-10	+1/32	9.08	9.10	9.25
		9.000	10/08	100-30	+3/32	8.89	8.92	9.10
US TREASURY *		7.500	05/02	105-13	-5/32	6.74	6.90	7.23
		8.000	11/21	105-02	-7/32	7.57	7.67	7.86
ECU (French Govt)		8.500	03/02	93.9000	-0.100	9.48	9.22	8.95

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday July 24 1992

Water	+	25.47	All-Share Index	-	4.24
Food Retailing	+	12.45	Food Manufacturing	-	4.77
Electronics	+	12.22	Financial Group	-	5.76
Electricity	+	9.36	Transport	-	5.97
Motors	+	7.70	Chemicals	-	5.98
Banks	+	6.74	Insurance (Life)	-	6.13
Other Industrial Materials	+	5.68	Engineering-Aerospace	-	7.25
Textiles	+	2.94	Investment Trusts	-	7.33
Media	+	2.43	Conglomerates	-	8.35
Packaging, Paper & Printing	+	1.30	Metals & Metal Forming	-	8.67
Engineering-General	+	0.53	Hotels & Leisure	-	9.72
Other Groups	+	0.20	Building Materials	-	11.15
Stores	-	0.22	Business Services	-	11.96
Brewers & Distillers	-	0.22	Health & Household	-	14.93
Capital Goods	-	0.39	Oil & Gas	-	17.54
Electricals	-	1.69	Insurance (Composite)	-	18.60
Telephone Networks	-	1.87	Insurance Brokers	-	22.55
Merchant Banks	-	2.09	Contracting, Construction	-	23.73
Industrial Group	-	2.11	Property	-	27.68
500 Share Index	-	3.93	Gold Mines Index	-	32.49
Consumer Groups	-	4.14			

COMMODITIES

WEEK IN THE MARKETS

Cocoa market in better heart

THE COCOA market ended the week in good heart after negotiations on a new international market agreement ended in Geneva yesterday with delegates expressing mild optimism about the prospects for accord between producing and consuming members being reached at the next round of talks in November.

No attempt was made to disguise the paucity of concrete progress at the three-week session of the International Cocoa Organisation, which was meeting under the auspices of the UN Committee on Trade and Development. At the final session producer and consumer delegates highlighted differences over prices support targets, limits on amounts withheld from the market and financing.

But there appeared to be a feeling that the way had been prepared for more positive progress. "In the next round of talks on November 2-13, it should be possible to complete our work and have an agreement which is acceptable to both producers and consumers," said Mr Jan van Sluisveld, the consumer spokesman.

Market reaction to such limited progress was understandably muted – the September delivery cocoa price at the London Futures and Options Exchange rose £13 yesterday to £612 a tonne. But that was up £13 on the week and £57 above Tuesday's low in a continuation of last week's setback.

The rally had initially owed more to the absence of producer selling than to buying interest, and it was fed by the triggering of stop-loss selling orders. In the background, however, was concern over a strike by Ghanaian cocoa workers and dry weather in the Ivory Coast, the biggest producer.

At the London Metal Exchange all base metals contracts were ahead on the week until most suffered setbacks yesterday. But aluminium defied a further large rise in exchange warehouse stocks to move on to a 3½-month high with an $11.50 rise to $1,337.50 in the cash position, up $28 on the week.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+10,225	to 1,321,850
Copper	-1,850	to 256,975
Lead	+2,050	to 147,200
Nickel	+1,350	to 27,636
Zinc	+2,175	to 338,725
Tin	+275	to 14,655

Dealers said yesterday's rise resulted mainly from speculative activity, fuelled by the operation of stop-loss buying orders.

Zinc had a schizophrenic week after being unsettled by Monday's announcement that the London Metal Exchange was again monitoring the market closely because of concern about a developing technical supply squeeze. The cash price fluctuated in a $40 range a tonne before closing yesterday at $1,340.50 a tonne, down $9 on the day and up $2 on the week.

The mid-week rise to $1,362.50 a tonne led to increased pressure for the LME take action to head off the squeeze, as it did in similar circumstances last month. On that occasion it set a limit on the one-day "backwardation" (cash premium) but so far the renewed squeeze has not moved the market out of the normal "contango" situation, where the cash price is at a discount to forward positions. The present squeeze, like the last, has been attributed to producer support operations, which some traders allege are "concerted".

Signs of a developing supply squeeze also lifted prices on the lead market, where the cash position reached a 12-month peak of £348.50 a tonne. This was linked to nervousness about the expiry of the labour contract at Cominco's Trail smelter in Canada at the end of September. Repots of Chinese buying were also supporting the lead market in mid-week. By yesterday's close the cash price had retreated to £342 a tonne, but that was still £17.50 up on the week.

Last week's sell-off in the tin market continued on Monday, when the cash price dipped to $6,710 a tonne, as reports from Kuala Lumpur that the Chinese had sold as much as 5,000 tonnes following the preceding run up continued to affect sentiment. But later talk of Chinese shipment delay's contributed to a strong rally that left the cash position $197.50 up on the week at $7,015 a tonne, despite being trimmed by $105 a tonne yesterday.

The platinum market ended a hectic week little changed. Concern over the South African situation pushed it up to $390.75 a troy ounce at one stage, but that faded in mid-week and the downward reaction was accelerated by the announcement of the invention of another palladium-based car exhaust catalyst, although the threat to platinum's dominant share of the catalyst market was palyed down. The price dipped to $377.25 an ounce but at yesterday's fixing was back to $380.35 an ounce, down $3.15 on the week.

Richard Mooney

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd Uxbridge Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	108 9	110 1	115.9	-0 10	0 00
AIB Grofund Equity	5	168 0	170 1	180 0	-0 40	2 61
AIB Grofund Euro ♦	5	125 7	127 6	134.3	-1 10	1.11
AIB Grofund Gilt	3	74.10	74 11	76 40	+0 01	6 16
AIB Grofund Japan	5	92.62	93 68	98 61	-2.19	0.00
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	120.3	120 3xd	127 5	+0 1	8 12
High Inc Equity	6	114 8	117 7xd	125 2	-0 2	6 79
Worldwide Bond	6	215.0	215 0	227 9	-0 3	6.24
Capital Growth						
American Growth	6	185.7	185.7	198 6	..	98
Asian Pacific	6	134 6	134 6	143 9	-3 2	1 11
Assets & Earnings	6	171.1	171 1	182.9	-0.5	3 71
Capital Reserve Acc	0	116 8	116 8	116 8		7 69
Capital Reserve Inc	0	86 38	86 38	86 39	+0 01	7 69
Comdty & Energy	6	60 95	60 95	65 18	-0 38	1.21
1992 Enterprise	6	64 93	64 93	69 44	-0.37	3.05
Euro Capital Acc	6	86 06	86 06	92.04	-0.86	1 13
Euro Capital Inc	6	81 55	81 55	87 21	-0.80	1 15
General	6	158 8	158.8	169 8	-0.3	3 42
Japan	6	65 50	65.50	70 05	-1.24	–
Mastertrust	6	81 63	81 63	87.30	-0 68	2.86
UK Growth Acc	6	152 4	160 4	170 6	-0 2	3 16
UK Growth Dist	6	96 22	101 3	107 7	-0 1	3 16
US Emerging Cos	6	66 41	66.41	71.02	+0.11	–
Income & Growth	6	272.7	272 7	291.6	-0 5	4 80
Ethical	6	50 04	51 47xd	54 75	-0.19	3 62
International	6	56 06	56 92	60 55	-0.56	1 39
Dividend & Growth	6	43 40	44 47xd	47.30	-0 06	6.34
Global Gwth & Sec	6	53 98	54 27	57 73	-0 19	2 77
Aberforth Unit Trust Managers Ltd (1600)F						
14 Chester St, Edinburgh EH3 7RA 031 220 0733						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brown Shipley & Co Ltd – Contd.						
Intl Income	6	71 25	71 25xd	75 88	-0 02	6.35
Intl Growth ♣	6	23 32	23.32	24 84	-0.22	0.32
Monthly Income	6	52 32	54 14	57.66	-0 07	5 84
North American	6	70.29	70.29	74 86	-0 06	0 29
Orient ♣	6	69.28	69.28	74 47	-1.54	–
Recovery	6	26.09	26.09	27.92	-0 03	4 23
Smaller Cos Acc	6	191.1	191.1	203.5	-0 40	–
Smaller Cos Inc	6	113 5	113.5	120.9	-0.30	1.90
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382						
Income Growth	1	164.4	164.4	169.3		6.85
Buckmaster Mangmt Co Ltd (1200)H						
15 St Botolph Street, London EC3A 7JJ 071-247 4542						
Fellowship Tst ♥	5¼	46.44	46.44	49 23	-0 24	3 77
(Accum Units) ♥	5¼	50 88	50 88	53 93	-0 27	3 77
Income	5¼	161.1	163 3	173 7	+0 3	5 67
(Accum Units)	5¼	357.5	362.6	385 8	+0 8	5 67
Smaller Co's	5¼	91.12	94 47xd	100.5	-0 5	3 53
(Accum Units)	5¼	107 3	111 2	118.3	-0 5	3 53
Inv Portfolio ♥	3	51 84	51 84	53.65	+0 02	3 23
(Accum Units) ♥	3	57.24	57 24	59 24	+0.02	3.23
High Income Port ♦	3	45 42	46 33	48 01	-0 19	6 28
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 071-480 7216						
Short Dated Gilt	1¼	63 17	63 17	64 03	+0 03	7.31

For CCF Foster Braithwaite see Foster Braithwaite

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 081-740 7070						
UK General Tst	5½	48 02	49 22	52 36	-0 12	2.86
Global Tst	5½	36 18	37 29	39 67	-0 38	0 55
Recovery Tst	5½	46 10	47 27	50 29	-0 19	1.92

For CIBC Unit Tst Mngrs see Brown Shipley & Co

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CIS Unit Managers Ltd (1000)F						
PO Box 105, Manchester M60 0AH 061 837 5060						
Environ	6	105.1	107 6xd	114 5	-0 1	2.42
UK Growth	6	113.3	115 1	122.5	+0 1	3 04
UK Income	6	96 43	98.04	104.3	-0.10	6.02

For CS Fund Mngrs see City Financial UT

Canada Life Unit Tst Mgrs Ltd (1200)F

[illegible]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Kleinwort Benson Unit Trusts – Contd.						
Japanese Special	5½	124 4	124 4	132.3	-1.80	0 00
(Accum Units)	5½	125.0	125 0	133.0	-1.80	0 00
Master Accum	5½	168.2	168.2	178.9	-0.80	2.39
Pacific	5½	170.1	170 1	181.0	-2.70	0.73
(Accum Units)	5½	197 9	197 9	210.5	-3.20	0 73
Smaller Cos	5½	76.47	76.47	81.35	-0.30	4.33
(Accum Units)	5½	101.7	101.7	108 2	-0.40	4.33
UK Equity Growth	5½	25.86	25 86	27.51	-0.03	3.05
(Accum Units)	5½	46.86	46.86	49 85	-0.05	3 05

* Yield expressed as CAR (Compound Annual Return)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mercury Fund Managers Ltd – Contd.						
Govt Securities	5	86.98	86.98xd	91.42	+0 07	7.97
(Accum Units)	5	148.1	148.1xd	155.6	+0.10	7 97
Gold & General ♣	5½	51.72	52.95xd	56.48	+0.36	4.30
(Accum Units) ♣	5½	52.30	53.54xd	57.11	+0.35	4.30
High Income	5	41.64	41.64xd	44.42	-0.04	8.08
(Accum Units)	5	54 00	54.00xd	57 60	-0.06	8.08
Income	5	106.4	106.5	113.6	-0.40	6.51
(Accum Units)	5	150.3	150.3	160.4	-0.60	6.51
International	5	260.7	260.7xd	277.6	-2.00	0.95
(Accum Units)	5	344.5	344.5xd	366.9	-2.40	0 00

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Pearl Unit Trusts Ltd (1000)F						
Pearl Centre, Lynch Wk, Peterborough PE2 6FY						
Dealing: 0800 626577 Enquiries: 0733 470470						
Equity	6	170.3	172 9xd	183.9		
(Accum Units)	6	341.2	347 0	369.1		
Growth	5	105.4	107.5	113 1		
(Accum Units)	5	182 4	186.1	195.8		
Income	6	165 9	168.3	179 01		
Intl Equity	6	153 4	154 3	164.1		
(Accum Units)	6	166.2	167 2	177.8		
UK Income	6	44.92	45.75xd	48 67		
UK Intl 25	6	51.86	52.58	55 93		2 77

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Save & Prosper Group (0900)H						
16–22 Western Rd, Romford RM1 3LB						
Amer Inc & Gwth	5½	50 71	50.71	53 94		5 97
Amer Smllr Cos	5½	58 60	59 59	63 39		–
Capital	5½	107 6	107 6xd	114 4		
Capital Portfolio	5½	92 70	92 70	98 60		
Cash	0	113 5	113 5xd	113 5		
Commodity	5½	72.50	72.50	77 12		
Eastern Discovery	5½	58 59	59 62	63 42		
Energy Inds	5½	64 11	64.11	68 20		
European Gwth	5½	118.8	118.8	126 3		
Euro Inc & Gwth	5½	51.97	51.97xd	55 28		

[illegible]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth	5¼	57.22	58.15	61.72	-0.15	1.82
Intl Income	5¼	49.31	49.99xd	53.06	-0.26	5.59
Charities	5¼	85.49	86.69	92.02	+0.02	5.69
Japan	5¼	27.14	27.14	28.81	-0.63	0.20
Emerging Markets	6	53.07	54.26	58.03	-1.16	0.80

For Matheson see Cannon UT

For Mayflower Mngmt see Shepherds UT Mngmt

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mercury Fund Managers Ltd (1000)H						
33 King William St, EC4R 9AS 071-280 2860						
American	5	123.7	123.7	131.6	-0.30	0.00
(Accum Units)	5	132.2	132.2	140.7	-0.30	0.00
American Opps	5	49.18	49.18	52 46	+0.02	0.00
(Accum Units)	5	49.86	49.86	53.19	+0.02	0.00
British Blue Chip	5	59.22	59.24	63.19	-0.11	4.22
(Accum Units)	5	67.74	67 77	72.29	-0.12	4.22
Cash *	0	102.0	102.0	102.0	......	9.81
(Accum Units) *	0	123.5	123.5	123.5	......	9.81
European Growth	5	151.9	151.9	160.8	-0.30	0.56
(Accum Units)	5	161.2	161.2	170 7	-0.30	0.56
European Income	5	58.79	58.79xd	62.28	-0.39	3 77
(Accum Units)	5	73.43	73.43xd	77 79	-0.48	3.77
General	5	365.4	367.3	391.8	+0.40	3.10
(Accum Units)	5	679.1	682.6	728.2	+0.80	3.10
Global Bond	5	105.3	105.3	110.6	-0.10	6 68
(Accum Units)	5	112.3	112.3	118.0	-0.10	6.68

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
2, London Bridge, SE1 9RA 071-407 4404						
Newton Income	6	153.53	156.92xd	166.94	-0.10	5.48
Newton Global	6	191.79	191.79	204 04	-0.94	1.70
Newton General	6	122.20	125.45	133.46	-0.23	3.52
Newton Intl Bd	6	97.58	99.18	105.52	-0.09	7.47
Norwich Union Tst Managers (1200)H						
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234						
Master Trust	6	83.27	83.27	88.58	-0.16	4.05
UK Equity	6	101.50	103.10	109.68	-0.14	4.57
UK Equity Income	6	95.97	97.87	104.12	+0.92	6.10
UK Smaller Co's	6	86.63	90.03xd	95.78	-0.07	3.11
UK Equity Growth	6	95.11	96.71	102.89	+0.16	5.08
UK Index Tracking ♦ F	6	101.23	101.87	108.37	+0.40	4.85
Intl Index Tracking F	6	87.44	88.20	93.83	-0.97	1.60
International	6	142.71	144.27	153.48	-1.21	2.41
European	6	116.24	117.11	124.58	-0.67	1.49
Pan European	6	87.63	88 67	94 33	-0.34	3.52
Nth American	6	113.45	114.61	121.93	-0.15	2.25
Nth Amer Smllr Cos	6	98.39	100.26xd	106.66	-0.11	0.00
Japanese	6	48.45	49.17xd	52.31	-0.99	0.00
Pacific	6	115.47	117.22xd	124.70	-2.48	1.31
South East Asian	6	118.31	120.20	127.87	-2.66	1.36
International Bond	6	101.33	101.45xd	107.93	+0.89	6.70
Gilt & Convertible	6	98.83	99.07xd	105.39	+0.13	7.99
Property F	6	67.79	69.75xd	74.20	-0.07	6.87
Cash Deposit Accum F	0	101.94	101.94	101.94	+0.02	9.51

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of [illegible] prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation.

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Pearl Assurance (Unit Funds) Ltd

Lynch Wood, Peterborough PE2 6FY 0733 470470

	Bid Price	Offer Price	+ or −	Yield Gross
Property Dist. (Gross)	135.4	142.5	...	−
Property Acc. (Gross)	258.0	271.6	.....	−
Equity (Gross)	816.4	859.3	−2.1	−
Managed (Gross)	582.1	612.8	−1.4	−
Property Acc. (Net)	123.4	129.9	+0.1	−
Equity (Net)	190.7	200.7	−0.4	−
Adventurous Managed	88.6	93.3	−0.1	−
Managed (Net)	179.8	189.3	−0.4	−
Cautious Managed	96.1	101.2	....	−
International (Net)	152.0	160.0	−1.4	−
Gilt & Fixed Interest	142.4	149.9	+0.1	−
Money Fund	140.5	147.9	+0.1	−
Mixed Fund (Cap)	115.5	121.6	.....	−
Mixed Fund (Acc)	120.1	126.5	.....	−

Pearl Assurance (Unit Linked Pens) Ltd

	Bid Price	Offer Price	+ or −	Yield Gross
Ret Man (Series 1)	631.0	664.3	−2.4	−
Ret Man (Series 2)	214.0	225.3	−0.8	−
Ret Cash	198.4	208.8	+0.1	−
Pens Mixed Fd (Cap)	127.9	134.7	....	−
Pens Mixed Fd (Acc)	133.0	140.0	....	−
Pens Stlg Fd (Cap)	103.9	109.4	....	−
Pens Stlg Fd (Acc)	108.1	113.8	....	−

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd

37–39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	125.0	132.0	..	−
Building Soc. Fd	224.0	236.0	..	−
Balanced	255.0	269.0	−1.0	−
European	200.0	211.0	−1.0	−
GT Managed	178.0	188.0	−1.0	−
Gartmore Mngd	117.0	124.0	.....	−
German	126.0	133.0	−2.0	−
Gilt	170.0	179.0	+1.0	−

Provident Mutual Life Assc. Assn. – Contd.

Prudential Assurance Co

Holborn Bars, London EC1N 2NH

Prudential Corporate Pension Funds

1 Stephen St, London W1P 2AP

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Prosperity Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Individual Life Funds

Prudential Individual Pension Funds

Reliance Mutual

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Institution

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Group

St. Mark's Court Horsham 0403 232323

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Tunbridge Wells Equitable

Windsor Life Assur Co Ltd

Windsor Life Assur Co Ltd – Contd.

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Royal Life Intl. Ltd – Contd.

Fidelity Money Funds – Contd.

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Fund Managers (IoM)						
PO Box 32, Douglas, IoM 0624 627610						
Intl Grth	5¼	451.8	451.8	484.3	-5.2	0.9
Leopold Joseph Fund Mngrs (IoM) Ltd						
PO Box 52 Athol St Douglas IoM 0624 661020						
L.J. International	5¼	86.60	86.60	93.39	-0.13	–
Mercury Fund Managers IoM Ltd						
11 Hill Street, Douglas IoM 0624 662255						
Merc IoM Fund	5	98.48	98.48	105.1	-0.28	6.2
Merc Intl Bond	5	50.53	50.53	53.13	-0.02	8.6
Sun Life Management (IoM) Ltd						
PO Box 178, Douglas, IoM 0624 622444						
Secure High Income	6	1.0528	1.0528	1.1287	[illegible]	7.97
Unibank Scandinavian Fund Ltd						
23 Bucks Road, Douglas, IoM 06246 26484						
Scandinavia Fd	5	–	129.07	137.58	....	1.0

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
ATC Fund Management (SG) Ltd				
SG International		$10.99		–
Appleton Financial Advisors Ltd				
Appleton Capital Trust	94.0	100.0	....	–
CMI Fund Mngrs (IOM)				
Traders Fund Ltd	$17.11	18.50	....	–
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				
[illegible]	0.50	0.58	....	0.00

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

July 24	US$	+ or −
AAR Corp	12¼	+¼
AMP Inc	53⅛	+¼
AMR Corp	63⅝	+1
ASA	40⅛	−1⅛
Abbott Labs	29¾	−¼
Acme Cleveland	6¾	−⅛
Advanced Micro	8½	−¼
Aetna Life	43⅛	−⅛
Affiliated Publ	11½	−⅛
Aflac	32¼	....
Ahmanson (HF)	16¼	−¼
Air Prod & Chemical	41½	+⅛
Alberto-Culver B	23¼	....
Albertson's	41⅛	−⅛
Alcan Aluminum	19½	....
Alco Standard	37⅞	−⅞
Alexander & Alex	22⅛	−⅛
Alex & Baldwin	22⅛	−⅛
Allegheny Power	46⅛	+½
Allied Signal	54⅝	+⅛
Aluminum Co of Am	72½	+1⅛
Amax	19⅛	+¼
Amdahl Corp	14⅞	−⅛
Amerada Hess	45⅞	−⅛
Amer Brands	46⅝	−⅛
Amer Cyanamid	58	−¼
Amer El Power	33¼	+⅛
Amer Express	23¼	−⅛
Amer Genl Corp	48⅝	−⅛
Amer Greetings Cl A	43⅝	−⅛
Amer Home Pr	71⅛	+⅛
Amer International	92½	−1
Amer Natl Ins	42¼	+⅛
Amer Stores	35⅛	−⅛
Amer T & T	43¼	−⅛
Ameritech	67¼	−½
Ames Dept Stores	0.56	....
Ametek Inc	15⅛	+⅛
Amoco	48⅛	+¼
Analog Devices	9⅞	....

July 24	US$	+ or −
Coors (Adolph)	19⅝	−⅛
Corestates Finl	50⅞	−¼
Corning Inc	36	−⅛
Crane	23	+⅛
Cray Research	24	−⅛
Crown Cork & Seal	32⅞	−¼
Cummins Engine	64¼	−⅞
Curtiss-Wright	28	....
Cypress Semicond	9⅞	+⅝
Cyprus Minerals	29⅛	−½
DSC Commun	6⅛	+⅛
DQE	30⅛	....
Dana Corp	39¼	....
Data General	8¼	....
Dayton Hudson	61⅛	−¼
Deere	40½	....
Delmarva Pow & L	22½	−¼
Delta Air Lines	53⅝	+⅞
Deluxe Corp	43⅛	+⅛
Detroit Edison	32⅛	....
Dial Corp Del	37⅝	+¼
Diebold Inc	53	−⅛
Digital Comms	18⅞	....
Digital Equipment	40⅝	+¼
Dillard Dept St	35¼	+¼
Disney (Walt)	35¼	+¼
Dole Food Inc	28⅛	+½
Dominion Res	38⅞	+⅛
Donelley (RR)&Sons	56½	+¼
Dover Corp	40⅝	....
Dow Chemicals	55	+1⅞
Dow Jones	32¼	−⅛
Dravo Corp	7⅛	−¼
Dresser	21¼	+⅞
Dreyfus Corp	35⅛	+1
Duke Power	35½	−⅛
Dun&Bradstreet	57½	−⅛
Du Pont	49	−¼
E G & G Corp	22⅝ xd	....
E-Systems	34⅛	+⅛
Eastern Enterprises	26⅞	−⅛
Eastman Kodak	41⅞	+⅛

July 24	US$	+ or −
Conagra	27⅞	+¼
Cons Edison	29⅞	−⅛
Cons Freightways	13⅛	−⅛
Cons Nat Gas	43⅛	+⅛
Cons Paper	39½	....
Cons Rail	85⅞	−⅞
Contl Bank Corp	17⅞	−⅛
Contl Corp	32	−½
Cooper Inds	46⅝	+⅛

July 24	US$	+ or −
James River Va	19⅛	....
Jefferson Pilot	42⅝	−⅛
Johnson Controls	39	−¼
Johnson & Johnson	46	+¼
K Mart	23	....
Kellogg	64½	+1⅛
Kennametal	30	−⅛

July 24	US$	+ or −
Pioneer Hi Bred	27	+⅛
Pitney Bowes	32	....
Pittston	14⅞	+⅛
Polaroid	29½	+½
Policy Mgt Sys	65⅞	−⅛
Potlatch Corp	41¼	−¼
Potomac El Pwr	26⅞	+⅛
Praxair	14⅞	+¼
Premier Indl	32⅛	+¼

July 24	US$	+ or −
Vornado	30⅛	....
Vulcan Materials	43⅞	+¼
Wachovia	61⅛	−⅛
Wainoco Oil	3.75	....
Walgreen	35⅞	....

July 24	Can.$	+ or −
Trimac	7⅛	....
Trizec A	4.45	−0.05
United Dominion	10⅞	−⅛
Univa	7	+¼
Westcoast Energy	16⅜	....
Weston (George)	37	−⅛

INDICES

NEW YORK

DOW JONES

	Jul 23	Jul 22	Jul 21	Jul 20	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3290.04	3277.61	3308.41	3303.00	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	101.47	101.35	101.44	101.39	101.47 (23/7)	98.41 (20/3)	101.47 (23/7/92)	54.99 (1/10/81)
Transport	1269.74	1270.89	1291.77	1284.87	1467.68 (20/2)	1269.74 (23/7)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	217.83	218.14	218.20	218.89	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3308.41 (3308.68) Low 3255.45 (3262.75)

STANDARD AND POOR'S

	Jul 23	Jul 22	Jul 21	Jul 20	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	412.08	410.93	413.76	413.75	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	483.31	481.91	485.61	485.26	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	35.94	35.92	36.07	36.07	36.65 (10/7)	32.40 (8/4)	36.65 (10/7/92)	8.64 (1/10/74)
NYSE Composite	226.66	226.13	227.47	227.51	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	382.50	383.17	384.82	384.52	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	565.24	563.88	568.63	564.28	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Jul 17	Jul 10	Jun 26	year ago (approx.)
Dow Industrial Div. Yield	3.13	3.13	3.14	3.04

	Jul 15	Jul 8	Jul 1	year ago (approx.)
S & P Industrial div. yield	2.64	2.68	2.66	2.96
S & P Indl. P/E ratio	28.95	28.45	28.74	16.95

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Chem Bank	2,571,900	34	− ⅛
Sensormat	2,320,400	24½	... .
Gen Motors	2,223,800	39	+ ⅛
Citicorp	2,193,000	20⅛	− ⅛
Monsanto	2,129,500	54½	− 1½
Compaq	1,921,900	28⅛	+ ⅛
Ford	1,826,500	44	+ 1¼
Unisys	1,814,300	9⅝	... .
Dig Equip	1,789,600	39⅞	− ⅛
RJ Nabisco	1,780,000	9	... .

TRADING ACTIVITY

† Volume (Millions)	Jul 23	Jul 22	Jul 21
New York SE	175.460	191.421	173.800
Amex	10.318	10.451	15.784
NASDAQ	164.560	168.350	155.310
NYSE			
Issues Traded	2,293	2,296	2,297
Rises	918	644	885
Falls	763	1,059	848
Unchanged	612	593	564
New Highs	58	44	57
New Lows	30	30	31

CANADA

TORONTO

	Jul 23	Jul 22	Jul 21	Jul 20	1992 HIGH	1992 LOW
Metals & Minerals	3081.30	3126.11	3140.34	3159.61	3238.87 (16/1)	2828.26 (8/4)
Composite	3412.20	3412.10	3425.21	3452.60	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1798.20	1799.75	1803.04	1826.50	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jul 24	Jul 23	Jul 22	Jul 21	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1609.6	1610.7	1607.2	1609.2	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	716.5	715.5	713.4	718.7	726.80 (3/7)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	325.47	334.36	337.89	342.01	458.57 (24/2)	325.47 (24/7)
Traded Index (2/1/91)	771.06	794.36	803.19	811.95	1099.43 (24/2)	771.06 (24/7)
BELGIUM						
BEL20 (1/1/91)	1134.06	1139.89	1145.35	(c)	1235.40 (2/6)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	308.46	309.13	308.92	309.17	365.29 (15/1)	308.46 (24/7)
FINLAND						
HEX General (28/12/90)	696.7	706.1	714.8	714.3	935.90 (24/2)	696.70 (24/7)
FRANCE						
CAC General (31/12/82)	476.45	476.98	481.52	484.79	555.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	1734.62	1734.56	727.49	1762.67	2077.49 (11/5)	727.49 (22/7)
GERMANY						
FAZ Aktien (31/12/58)	639.94	648.76	649.04	656.32	725.26 (26/5)	639.94 (24/7)
Commerzbank (1/12/53)	1807.20	1833.40	1834.60	1854.50	2043.80 (25/5)	1807.20 (24/7)
DAX (30/12/87)	1610.42	1623.37	1628.22	1659.77	1811.57 (25/5)	1578.73 (10/7)
HONG KONG						
Hang Seng Bank (31/7/64)	5772.76	5917.16	(c)	6018.44	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1267.18	1276.36	1279.63	1278.44	1469.57 (17/1)	1267.03 (9/7)
ITALY						
Banca Com. Ital. (1972)	406.36	408.07	409.76	411.71	551.59 (6/2)	406.36 (24/7)
MIB General (2/1/92)	797.0	800.0	803.0	807.0	1086.00 (5/2)	797.00 (24/7)
JAPAN						
Nikkei (16/5/49)	15497.79	16039.94	15541.95	16002.41	23801.18 (6/1)	15497.79 (24/7)
Tokyo SE (Topix) (4/1/68)	1204.55	1227.82	1205.75	1229.38	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	1771.56	1782.92	1795.70	1822.23	2459.85 (6/1)	1771.56 (24/7)
MALAYSIA						
KLSE Composite (4/4/86)	599.53	602.34	608.79	605.16	639.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Tot Rtn Gen (End 1983)	287.3	289.1	289.6	292.1	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	196.4	197.6	197.6	199.6	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	658.50	654.86	649.20	657.56	772.74 (18/5)	643.24 (20/7)
PHILIPPINES						
Manila Comp (2/1/85)	1463.39	1470.76	1453.79	1433.64	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	381.58	387.52	391.01	389.56	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1122.04	1139.0	1111.0	1121.0	1327.00 (21/1)	1006.00 (24/6)
JSE Industrial (28/9/78)	4130.06	4160.0	4156.0	4213.0	4689.00 (4/6)	4130.00 (24/7)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	521.99	518.53	526.00	511.84	691.48 (8/2)	505.30 (20/7)
SPAIN						
Madrid SE (30/12/85)	213.24	214.05	216.10	220.56	266.51 (28/2)	213.24 (24/7)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	834.70	839.40	851.5	860.50	1014.50 (11/5)	834.70 (24/7)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	798.8	801.6	799.7	811.4	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	607.9	608.8	607.1	616.0	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4022.16	3978.87	4154.80	4159.02	5391.63 (30/1)	3978.87 (23/7)
THAILAND						
Bangkok SET (30/4/75)	746.16	753.92	757.96	754.25	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl. (1/1/70) (s)	482.8*	487.5	485.9	491.0	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	840.14	846.15	848.70	859.32	976.55 (25/5)	840.14 (24/7)

** Saturday July 18: Taiwan Weighted Price: 4248.95, Korea Comp Ex. 505.64.
(s) Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

AMERICA

Dow ignores good orders data

Wall Street

US stock markets were on the way to ending a difficult week on a negative note yesterday, with share prices lower at midsession in spite of some positive economic news, *writes Patrick Harverson in New York.*

By 1pm the Dow Jones Industrial Average was down 4.33 at 3,285.71. The more broadly based Standard & Poor's 500 was also lower at the halfway mark, down 1.25 at 410.83, while the Amex composite was 0.42 lower at 382.08 and the Nasdaq composite 1.20 lower at 564.04. Turnover on the NYSE was 98m shares by 1pm.

Overnight losses on foreign markets, notably Tokyo and London, set the tone for a downbeat opening in New York. Concern that the US might have to lead the UN in military action against Iraq added to the market's gloom.

The only bright spot on the horizon was the morning's announcement from the Commerce department that factory orders for durable goods rose by 2.3 per cent in June, a bigger than expected increase.

On their own, however, the durable goods figures (which some analysts believe volatile and unreliable as economic indicators) were unable to give the market much of a boost, and share prices struggled to make any gains amid quiet trading.

Among individual stocks, profit-taking was the order of the day in the banks sector, despite the strong performance registered by most of the country's banks in the second quarter. Chemical, which said yesterday that it was on target to reduce payrolls by 6,200 over the coming year, did best, easing only $⅛ to $33⅞.

In contrast, Citicorp dropped $½ to $19⅝, Chase Manhattan fell $⅞ to $24⅝, BankAmerica lost $⅝ to $44 and Wells Fargo gave up $1¼ at $68½.

Frank B Hall plunged $1⅝ to $3 after the company agreed to sell much of its operating assets to Aon for $475m in cash and stock. The news left Aon $2 lower $46½.

Great Lakes Chemical firmed $¾ to $61¾ after the company said its Octel Associates subsidiary was implementing price increases on its line of alkyl-based fuel additives.

W R Grace firmed $¼ to $35½ after Salomon Brothers, the Wall Street securities house, raised its rating of the stock from a "hold" to a "buy" and predicted that the shares would benefit from the recovery in quarterly earnings from a disappointing opening three months.

McDonald's rose $1¼ to $43⅝ in heavy trading as bargain buyers moved into the stock after Thursday's earnings-inspired losses.

Canada

TORONTO was weaker at midsession on some disappointing corporate news. The TSE 300 index was off 13.7 at 3,398.6. Declines led advances 228 to 173 in volume of 13.4m shares valued at C$118.4m.

Active stocks included Royal Trustco down C$¼ at C$5⅞, Cameco off C$¼ at C$16 and SNC Group down C$½ at C$10½.

EUROPE

Bourses fail to rebuild confidence

BOURSES failed to regain any confidence at the end of a troubled week, *writes Our Markets Staff.*

FRANKFURT took comfort from lower July inflation figures before being led down by the futures and options market.

The DAX, which briefly advanced to 1,625, closed down 12.95 at 1,610.42, the lowest level since January and down 5.4 per cent on the week. At midsession the FAZ was 8.82 lower at 639.94 while turnover fell to DM4.9bn from DM6.1bn.

BASF fell to DM211 before to closing down DM3.8 at DM216.9, following an analysts meeting at which the company gave a disappointing forecast for 1992 earnings. Other chemical stocks were also weaker with Hoechst losing DM3.9 to DM225.5. Elsewhere, Daimler shed DM5 to DM698 and Deutsche Bank lost DM7 to DM642.50.

PARIS endured another volatile day before closing practically unchanged at the end of the July trading account. The CAC-40 index ended 0.06 higher at 1,734.62 in turnover of just under FFr2.4bn.

The insurer Axa rose FFr28 or 3.7 per cent to FFr782 after saying that the provisions that its US subsidiary Equitable Life Assurance Society had made against its investment portfolio were adequate.

Dealers detected some switching out of Total, down FFr2.70 to FFr227.60, into Elf, up FFr6.70 to FFr338.80. BSN eased fell FFr2 to FFr1,043 as first half sales came in line with expectations. Among smaller stocks, Hachette gained FFr6.8 or 6.5 per cent to FFr111.8 in light volume.

MILAN closed lower as a half-hearted attempt to stage a recovery was overwhelmed by continued selling pressure. The Comit index fell 1.71 to 406.36, down 7.2 per cent on the week, in turnover estimated at near Thursday's L99.2bn.

Fiat closed L25 higher at L4,555 but news that the managing director of Fiat Ferroviaria Savigliano, its rolling stock subsidiary, had been arrested in connection with the Milan bribery scandal later knocked L100 off the share.

Ifi, the Agnelli family's holding company, rose L270 to L9,930 in response to Thursday's earnings report, but then fell back to L9,650.

AMSTERDAM awaited news of talks between the Dutch government and Dasa on the German group's purchase of a majority stake in Fokker. After the close the government announced that the takeover would go ahead. Fokker ended down 90 cents at Fl 28.60. The CBS Tendency index was off 0.9 at 115.3, for a 3.1 per cent fall on the week.

One of the day's biggest losers was retailer KBB which declined Fl 6.80, or 8.9 per cent to Fl 64.20 after forecasting weaker first half earnings.

VIENNA continued its downward trend with the 18-share ATX index falling 23.3 to 771.06, down 9 per cent on the week.

Wienerberger remained active after Thursday's disappointing first half results. Its shares fell Sch330 to Sch3,770 in high volume. OMV, the oil group, which said that the state wanted to sell off part of its 70 per cent stake, lost Sch16 to Sch657.

ZURICH eased in line with other markets. The SMI index fell 6 to 1,756.8 for a loss of 2.7 per cent on the week.

In Scandinavia, STOCKHOLM closed at a year's low for second day in the last four, the Affärsvärlden general index falling 4.7 to 834.7, down 4.9 per cent on on the week. HELSINKI fell further in thin trading, as the HEX index dropped 9.4 to 696.7, down 4.2 per cent on the week. OSLO was kept from falling further as selling pressure eased. The all-share index rose 1.54 to 378.04.

MADRID's general index closed down 0.79 at 213.24 for a fall of 4.2 per cent on the week.

FT-SE Eurotrack 100 - Jul 24

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1057.16	1056.54	1055.20	1054.33	1050.36	1050.54	1052.20	1052.53

Day's High 1057.60 Day's Low 1048.26

Jul 23	Jul 22	Jul 21	Jul 20	Jul 17
1059.53	1060.97	1075.64	1064.04	1097.57

Base value 1000 (26/10/90).

ASIA PACIFIC

Nikkei falls 6.3% in a difficult week

Tokyo

THE Nikkei average fell to a new low for the year as investors sold ahead of the government's emergency meeting to discuss support measures for the market, *writes Emiko Terazono in Tokyo.*

The 225-issue index fell 542.15 to 15,497.79, down 6.3 per cent on the week, on arbitrage unwinding and index-linked selling. The index opened at the day's high of 16,014.55 and fell to the day's low of 15,490.57 by mid-morning.

Volume fell from 237m shares to 200m. Declines led advances by 737 to 219, with 152 issues remaining unchanged. The Topix index of all first section stocks retreated 23.27 to 1,204.55 and in London, the ISE/Nikkei 50 index fell 6.68 to 933.49.

Speculation that the government will decide on a Y6,000bn supplementary budget to boost the economy disappointed market participants, as this had already been suggested by the ruling Liberal Democratic Party. Share prices fell as discouraged dealers and investment trusts sold out.

Market participants remained sceptical about the success of the emergency measures in supporting the market. "The possibility of the government's plan attracting new buyers into the market is very low," said Mr Kaoru Shimura, head of pension fund management at Sumitomo Life.

However, Mr Yasuo Ueki, head of equity trading at Nikko Securities, said that yesterday's decline indicated that the disappointment had now been discounted. "An unexpected proposal will be a positive factor, while there will be no negative effects on the markets even if the proposals are not new," he said.

Persistent worries about the troubled real estate business depressed banks, realtors and contractors. Mitsubishi Bank lost Y50 to Y1,610 and Sumitomo Bank fell Y60 to Y1,260.

Nippon Housing Loan, the troubled housing loan company, fell for the seventh consecutive day, losing Y13 to a record low of Y172. Mitsui Fudosan, the leading real estate company, fell Y25 to Y720, while Daikyo, the condominium developer, declined Y60 to Y621.

Electricals were weak on fears of downward revisions. Investors now reckon that since the economy is unlikely to rebound, originally expected this autumn, earnings forecasts at the electronics companies are too bullish. Hitachi lost Y5 to Y745 and Sony fell Y140 to Y3,850.

In Osaka, the OSE average fell 250.91 to 17,940.03 in volume of 24m shares.

Roundup

PACIFIC Rim markets were mixed. Brokers in Bombay boycotted trading on fears that more brokers' assets might be seized by the government.

HONG KONG fell in afternoon trade, the Hang Seng index sliding 144.40 or 2.44 per cent to 5,772.76 in turnover of HK$3.35bn. The index has lost 5.7 per cent on the week.

Banks lost ground with HSBC Holdings down HK$2 at HK$54.

SEOUL gained ground in low turnover. The composite index put on 3.46 to 521.99 for a week's rise of 1.5 per cent. Turnover fell to Won153.65bn from Won170.52bn. Gainers outpaced losers 435 to 250 with 157 unchanged.

TAIWAN finished higher in spite of a weak opening. The weighted index closed up 43.29 at 4,022.16 but was down 6 per cent on the week. Turnover fell to T$26bn from T$30.35bn.

MANILA slipped as profits were taken in oil stocks. The composite index shed 7.37 to 1,463.39 but was 1 per cent higher over the week.

Gainers outnumbered losers 21 to 14 in combined turnover of 252m pesos.

SINGAPORE fell sharply with the Straits Times index down 23.34 to 1,401.31, a fall of 3.4 per cent on the week. Shipyard stocks continued to be weak with Jurong Shipyard down 45 cents at S$8.05.

KUALA LUMPUR's composite index shed 8.71 to 593.53, a 2 per cent drop on the week.

Warsaw retraces Q2 losses

By Antonia Sharpe

POLISH equities have retraced most of the losses incurred in the second quarter and some analysts believe that the outlook for Europe's fledgling stock exchange has improved.

After a generally stable first quarter, the Warsaw WIG indicator dropped around 25 per cent from April to June on selling by individuals, disillusioned by a decision by Wedel, the food company controlled by Pepsico, to omit the 1991 dividend.

Political uncertainty, high interest rates and a big flotation of Treasury bonds at the start of June also weighed on the index.

Mr Wieslaw Rozlucki, the president of the Warsaw Stock Exchange, told fund managers in London yesterday that the recovery in the index since the end of June had been triggered by the formation of a new government and the National Bank of Poland's decision to reduce interest rates.

The appointment this week of Citibank as a custodian of the stock exchange's central depository system has solved a fiduciary problem for international institutions and should lead to more foreign participation in a domestically-driven market, Mr Rozlucki said.

Another positive factor is the expected launch next week of the Boston-based Pioneer Group's open-ended mutual fund in Polish securities which aims to attract $50m in its first year.

Mr Reginald Duquesnoy of Cresvale Securities, the hosts of the seminar, believes that the Polish stock market capitalisation will grow from $148m to at least $500m in the next year.

The market's average price/earnings ratio has fallen to 2.3 from around 3 late last year.

SOUTH AFRICA

JOHANNESBURG eased in dull trade. The industrial index weakened 30 to 4,130 while the overall index was off 27 at 3,377. The gold index shed 17 to 1,122. De Beers, which fell R1.25 to R76.25, has lost 7 per cent on the week.

Brussels stages some summer attractions

Andrew Hill gives his reasons why investors in Belgian stocks should not go on holiday just yet

THE Belgian government is about to thrash out the 1993 budget, a court ruling on minority shareholders' rights is expected shortly, and powerful institutions are vying for control of one of the country's biggest banks.

It is probably unwise, therefore, for investors in Belgian equities to pack up for their summer holidays just yet.

A drop of 6.7 per cent in the Brussels Bel-20 index to 1,134.06 this week reflected the fall on global markets, the index having come off its 1992 peak of 1,235.40 reached on June 2 on fears of higher interest rates. This was accompanied by an improvement in volume, whereas it was depressed elsewhere in Europe.

Although Belgium is suffering from the same interest rate malaise as the rest of Europe, analysts believe that the bourse could outperform its continental counterparts in the coming months. Dillon Read's half-year analysis cites "Belgium's de facto integration into the economies of the D-mark bloc and the country's rock solid commitment to the EC" as factors underpinning the Belgian franc and the bond and stock markets.

Tugging against this tentative optimism is the prospect of another season of gloomy results from Belgium's cyclical industrial companies. Most interim results are due at the end of August and in early September, but investors will benefit from some pre-season training next Thursday, when Solvay, Belgium's largest chemicals company, releases its figures.

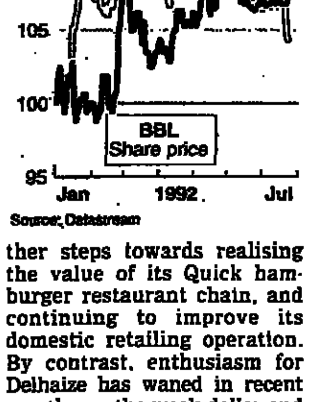
Caution ahead of the results season is understandable. The market's bouts of enthusiasm for cyclical stocks over the last 18 months – often fuelled by over-optimistic company statements – have mostly been disappointed.

"We're looking at a very gradual economic recovery," says Mr Guy Lerminiaux, an analyst with Dewaay. "Industrial companies have profited from restructuring, and they've all cut back on expenditure. But the feeling is that after some optimism in the first quarter we could now see some underperformance in cyclical stocks."

Analysts are therefore focusing on defensive stocks, such as banks and retailers.

The retail sector – namely Gib, Delhaize and Colruyt – was the market's success story in the first quarter. Gib has sustained the rally, taking further steps towards realising the value of its Quick hamburger restaurant chain, and continuing to improve its domestic retailing operation. By contrast, enthusiasm for Delhaize has waned in recent months, as the weak dollar and difficult trading conditions have taken their toll on the group's extensive US operations.

Share price and index rebased



Source: Datastream

Over the next few weeks, however, investors will be more interested in developments in the following three areas which could have a longer-lasting influence on the stock market:

● The 1993 budget. Last April the new government stitched together a stringent "emergency" budget for 1992. The austerity package drew criticism at home, but although his government is under some political pressure, Mr Jean-Luc Dehaene, the prime minister, is expected to take an equally hard line on cutting expenditure for 1993.

● The Wagons-Lits court ruling. The Brussels court is expected to decide early next month whether Accor, the French hotels group, and Société Générale de Belgique, the holding company, gained effective control of the Franco-Belgian tourism group when they bought a stake in the summer of 1990. The two companies have since mounted a successful bid for Wagons-Lits at a lower price.

If the court rules that control did change hands, then the companies will probably have to buy out disgruntled minority shareholders at the original, higher price. Some of the evidence in the hearing was so convoluted that it seems unlikely the decision will be that simple. Nonetheless, brokers are hoping the ruling will inject much-needed legal certainty into the vaguely-worded Belgian takeover rules.

● The wooing of Banque Bruxelles Lambert (BBL). Internationale Nederlanden (ING), the Dutch banking and insurance group, wants a commercial partnership with the Belgian bank and has built a 10 per cent stake in the group.

The outcome hinges on the attitude of Groupe Bruxelles Lambert (GBL), which controls nearly 25 per cent of BBL and also heads a long-standing syndicate of BBL's main shareholders. Mr Albert Frère, the head of GBL, is said to favour a partnership with a domestic bank, but some analysts believe he is holding out for a higher price. He appears to want BFr4,000 a share but analysts reckon the bank is worth BFr3,000 a share. The market is hedging its bets: BBL is trading at around BFr3,500.

A solution may not emerge until the end of the year when GBL's right to first refusal of other syndicate members' stakes in BBL is due to expire. However, vacationing shareholders should still keep one eye on the bourse since Mr Frère's holiday plans are unknown.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Exch 12¼pc 1992		100 5/32xd	—	101¼	100 3/32	12.22	9.97
13½pc 1992		100 7/16	-1/16	102⅛	100 7/16	13.44	9.84
Treas 8¾pc 1993		99¼xd	—	99⅝	97 13/16	8.81	9.70
10pc 1993‡‡		100 1/16	—	100½	99 13/16	9.99	9.86
12½pc 1993‡‡		102 13/16	—	103 27/32	101 21/32	12.20	9.78
Funding 6pc 1993‡‡		96 13/16	—	97 13/16	95 5/16	6.19	8.86
Treas 13¾pc 1993‡‡		104 13/16	—	106 13/32	104½	13.12	9.72
8½pc 1994		96 1/32xd	—	99 3/16	96¾	8.82	9.49
14½pc 1994‡‡		106⅞	—	109⅛	106 13/16	13.57	9.72
Exch 13½pc 1994		106 1/16	—	107 13/16	105 3/16	12.73	9.63
Treas. 10pc Ln. 1994‡‡		100¾	—	101⅝	98 13/16	9.93	9.52
Exch 12½pc 1994		105 13/32xd	—	106 5/16	103 13/16	11.86	9.60
Treas 9pc 1994‡‡		98 5/16	—	99 13/16	96⅝	9.16	9.42
12pc 1995		105 13/32xd	—	106 13/16	103⅜	11.38	9.50
Exch 3pc Gas 90-95		93¼	—	94 13/16	88¼	3.22	5.67
10¼pc 1995		102 1/16	—	103⅛	99 5/16	10.04	9.44
Treas 12¾pc 1995‡‡		109 3/16	+1/16	110 13/16	106⅝	11.68	9.41
14pc 1996		112 13/16	—	114 5/16	110 5/16	12.41	9.57
9pc 1992-96‡‡		99 3/16	—	100 5/16	95 5/16	9.07	9.25
15¼pc 1996‡‡		117⅝	+1/16	119 5/16	114 13/16	12.96	9.56
Exch 13¼pc 1996‡‡		111½	+1/16	112⅞	108½	11.88	9.55
Conversion 10pc 1996		102 3/16	+1/16	103⅜	98 13/16	9.77	9.32
Treas 13¼pc 1997‡‡		113 13/16	—	114 13/16	110 5/16	11.68	9.48
Exch 10½pc 1997		104 13/16xd	+1/16	105 13/16	100 13/16	10.05	9.29
Five to Fifteen Years							
Treas 8¾pc 1997‡‡		98¼	—	99 1/16	94	8.91	9.18
8¾pc 1997 D		98¼	—	98 1/16	98 1/16	8.91	9.18
Exch 15pc 1997		122	—	123 13/16	118 3/16	12.30	9.55
9¾pc 1998		102 3/16	—	103 3/16	97 13/16	9.54	9.21
Treas 6¾pc 1995-98‡‡		91 13/16	—	93 3/16	86 13/16	7.34	8.55
15½pc '98‡‡		127 3/16	—	129 3/16	123 3/16	12.15	9.48
Exch 12pc 1998		112 3/16	—	113¾	107 13/16	10.68	9.35
Treas 9½pc 1999‡‡		102½	—	103⅛	97 3/16	9.27	8.97
Exch 12¼pc 1999		114 3/16	—	115 7/16	109½	10.74	9.34

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		106½	—	107 13/16	101 13/16	9.86	9.19
Conversion 10¼pc 1999		105½	—	106 13/16	100 13/16	9.72	9.19
9pc 2000‡‡		98⅞	—	100 1/16	94⅝	9.10	9.01
9% 2000 C		99 13/16	—	100 13/16	96 13/16	9.04	9.01
Treas 13pc 2000		119⅞	—	121¼	114 13/16	10.84	9.40
10pc 2001		105 1/16xd	—	106¼	99 13/16	9.52	9.12
14pc '98-01		119 3/16	—	121	115 13/16	11.71	9.53
9¾pc 2002		104 3/16xd	+1/16	105⅛	98⅝	9.35	9.08
9¾p 2002 C		104xd	—	105 3/16	98 3/16	9.36	9.08
10pc 2003		106¼	+1/16	107 3/16	100 1/16	9.41	9.08
10pc 2003 B		106¼	+1/16	107⅝	105 1/16	9.41	9.09
Treas 11½pc 2001-04		112½	—	113 13/16	107 1/16	10.22	9.34
Funding 3½pc '99-04		67 3/16	-1/16	68 13/16	59½	5.20	7.74
Conversion 9½pc 2004		103½	—	104 13/16	96 13/16	9.18	9.01
9½pc 2005		103⅝	—	104 13/16	96 13/16	9.17	9.00
Treas 12½pc 2003-05		122 13/16	+1/32	124⅝	116 3/16	10.19	9.21
8pc 2002-06‡‡		91 13/16	+1/32	93	85½	8.70	9.00
Treas 11¾pc 2003-07		116 13/16	+1/32	118 13/16	110 13/16	10.06	9.20
Over Fifteen Years							
Treas 8½pc 2007‡‡		96 13/16	+1/16	97 3/16	89 13/16	8.82	8.93
8½pc 2007 A		95 3/16xd	—	97 3/16	89 13/16	8.89	8.84
13½pc '04-08		130 3/16	+1/16	132 3/16	123 13/16	10.37	9.20
9pc 2008‡‡		100 13/16	+1/32	101 13/16	93 13/16	8.92	8.88
8pc 2009		92 1/16	+1/32	93 13/16	85 1/16	8.68	8.88
Conv 9pc Ln 2011‡‡		101¼	+⅛	102 13/16	93 13/16	8.89	8.86
9pc 2011 B		99 13/16	—	102	93 13/16	9.01	8.77
Treas. 9pc 2012		101 13/32xd	+1/32	102 3/16	93 13/16	8.87	8.84
9pc 2012 A		71 13/16	+⅜	72 13/16	69 1/16	8.87	8.84
Treas 5½pc 2008-12‡‡		78	-1/16	78 13/16	62⅞	7.06	8.67
7¾pc 2012-15‡‡		89 13/16xd	+1/32	90 13/16	81 13/16	8.64	8.80
Exch 12pc '13-'17		129 3/16	+⅛	130 13/16	120⅛	9.28	8.90
Treas 8¾pc 2017		99¼xd	+1/16	101	97⅛	8.84	8.76
Undated							
Consols 4pc		43 13/16xd	—	44⅛	39⅞	9.13	-
War Loan 3½pc‡‡		38 13/16	—	39⅜	35 3/16	8.89	-
Conv 3½pc '61 Aft		62½	—	62⅞	58	5.58	-

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 3pc '66 Aft		32⅜	—	32⅝	29 13/16	9.27	-
Consols 2½pc		27 13/16	—	27 13/16	24 13/16	9.03	-
Treas. 2½pc		27½	—	27¾	24 13/16	9.09	-
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	126 13/16	+1/16	127⅝	122⅜	2.66	4.12
2pc '96	(67.9)	182⅞	+1/16	184¼	176¾	3.56	4.22
2½pc '01	(78.3)	148¼	+1/16	148 13/16	143	4.24	4.58
2½pc '03	(78.8)	141⅞	+1/16	144 13/16	138 3/16	4.28	4.57
2pc '06	(69.5)	144 3/16	+⅛	147 3/16	139 3/16	4.31	4.54
2½pc '09	(78.8)	131¼	+¼	134¼	126 3/16	4.32	4.52
2½pc '11	(74.6)	135½xd	+¼	138 13/16	129¾	4.30	4.49
2½pc '13	(89.2)	111 5/16xd	+¼	114 3/16	106 5/16	4.30	4.47
2½pc '16	(81.6)	118¾xd	+3/16	121⅞	112⅞	4.27	4.43
2½pc '20	(83.0)	113 13/16	+3/16	117⅛	107 13/16	4.26	4.40
2½pc '24‡‡	(97.7)	94 5/16	+3/16	97 7/16	88⅞	4.22	4.35
4⅛pc '30‡‡	(135.1)	98 7/16	+⅛	99¾	96	4.18	4.33

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1991: 135.7 and for June 1992: 139.3

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11⅛ 2010		114 13/16	+13/16	116 13/16	105¾	9.89	9.38
Asian Dev 10¼pc 2009		108 7/16	+1/32	109 13/16	100 3/16	9.45	9.24
B'ham 11½pc 2012		112½	—	113½	102¾	10.22	10.05
Ireland Cap 8½pc '10		90¼	—	90¼	88⅜	9.42	-
9pc Cap 1996		92⅝	+⅛	93¾	90	9.72	-
13pc '97-02		106	—	115½	103⅞	12.26	-
Hydro Quebec 15pc 2011		140½	+½	141 13/16	130⅞	10.68	10.13
Leeds 13½pc 2006		124¼	—	125	116¼	10.87	10.25
Liverpool 3½pc Irred		32½	—	33¼	30	10.77	-
LCC 3pc '20 Aft		30½	—	30¾	27	9.84	-
Manchester 11½pc 2007		110½	—	111¼	103¼	10.41	10.12
Met. Wtr. 3pc 'B'		60½	—	61	53	4.96	8.60
N'wide Anglia 3⅞pc 2021		109¼	—	111¼	103¼	-	5.43
4⅛pc IL 2024		109xd	—	110¼	103¼	-	5.17
Utd Mex States 16½pc 2008		123½	—	126	121½	13.36	12.97

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 23 1992								WEDNESDAY JULY 22 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	142.66	+0.3	110.54	114.17	110.03	126.82	+0.3	4.30	142.20	110.76	114.02	110.05	126.46	153.68	140.94	146.04
Austria (19)	154.80	−0.4	119.94	123.88	119.39	119.82	−0.8	2.44	155.48	121.10	124.68	120.33	120.52	186.70	154.80	176.88
Belgium (42)	147.18	−0.2	114.04	117.77	113.51	111.07	−0.3	5.54	147.42	114.82	118.20	114.08	111.43	152.27	135.87	127.84
Canada (114)	127.59	+0.1	98.86	102.10	98.40	109.76	−0.1	3.24	127.46	99.27	102.19	98.63	109.88	142.12	124.32	139.38
Denmark (35)	238.43	+0.4	184.74	190.81	183.89	185.41	+0.1	1.89	237.60	185.06	190.52	183.87	185.17	273.94	226.81	251.81
Finland (15)	72.92	−2.1	56.50	58.36	56.24	62.46	−1.8	2.26	74.46	58.00	59.71	57.62	63.59	89.80	72.92	97.37
France (104)	154.27	+0.7	119.53	123.45	118.98	121.18	+0.3	3.87	153.22	119.34	122.85	118.56	120.83	168.75	148.06	129.99
Germany (65)	121.41	+0.3	94.07	97.17	93.64	93.64	−0.1	2.45	121.07	94.30	97.09	93.69	93.69	129.69	114.67	106.18
Hong Kong (54)	246.39	−1.7	190.91	197.17	190.04	244.65	−1.7	3.35	250.57	195.16	200.91	193.92	248.90	259.55	176.36	168.20
Ireland (16)	158.99	+0.3	123.18	127.23	122.62	124.91	−0.1	4.23	158.57	123.51	127.15	122.71	125.00	173.71	151.78	151.19
Italy (78)	62.92	+0.3	48.75	50.35	48.53	52.87	+0.0	3.95	62.71	48.85	50.28	48.53	52.86	80.86	62.71	74.29
Japan (473)	95.44	+2.3	73.94	76.37	73.62	76.37	+2.1	1.11	93.29	72.66	74.80	72.20	74.80	140.95	88.70	128.10
Malaysia (69)	244.42	−1.0	189.38	195.59	188.51	235.34	−0.9	2.66	246.88	192.29	197.95	191.05	237.57	250.47	212.49	227.96
Mexico (18)	1436.20	−2.1	1112.78	1149.33	1107.70	4883.53	−2.2	1.23	1467.05	1142.65	1176.34	1135.30	4994.85	1789.77	1355.22	1138.92
Netherland (25)	160.87	+0.2	124.64	128.74	124.08	122.80	−0.2	4.57	160.56	125.05	128.74	124.25	123.00	167.29	147.88	137.83
New Zealand (14)	46.64	−0.9	36.14	37.33	35.97	45.13	−1.0	6.03	47.08	36.67	37.76	36.44	45.60	48.52	42.01	46.69
Norway (23)	165.26	+0.6	128.05	132.25	127.46	130.94	+0.3	1.93	164.29	127.96	131.73	127.14	130.50	192.95	161.26	194.42
Singapore (38)	207.35	−1.0	160.65	165.93	159.92	154.27	−0.9	2.15	209.36	163.07	167.87	162.01	155.67	229.63	192.76	198.32
South Africa (61)	197.78	−1.0	153.24	158.27	152.54	170.36	+0.4	3.03	199.75	155.58	160.16	154.57	169.71	263.60	197.04	238.62
Spain (49)	137.49	+0.0	106.53	110.03	106.04	98.69	−0.7	5.95	137.46	107.07	110.23	106.38	99.40	161.72	137.46	146.62
Sweden (29)	182.81	−0.9	141.65	146.30	141.00	145.94	−1.2	2.79	184.46	143.67	147.91	142.75	147.88	200.28	173.09	189.40
Switzerland (62)	109.89	+0.8	85.14	87.95	84.77	89.66	+0.4	2.39	108.99	84.89	87.40	84.35	89.29	113.88	95.99	92.20
United Kingdom (228)	182.49	+1.0	141.39	146.03	140.74	141.39	+0.4	5.26	180.73	140.77	144.90	139.85	140.77	200.07	165.85	172.39
USA (522)	167.82	+0.3	130.03	134.31	129.44	167.82	+0.3	2.98	167.37	130.36	134.21	129.53	167.37	171.66	160.92	154.20
Europe (790)	146.83	+0.6	113.76	117.50	113.25	113.92	+0.2	4.25	145.95	113.67	117.03	112.95	113.73	156.88	139.31	136.03
Nordic (102)	172.07	−0.4	133.32	137.70	132.71	131.04	−0.6	2.39	172.69	134.50	138.47	133.64	131.83	188.52	169.66	185.03
Pacific Basin (717)	102.16	+1.8	79.15	81.76	78.80	82.86	+1.7	1.49	100.33	78.15	80.45	77.64	81.52	141.97	94.40	129.70
Euro – Pacific (1507)	120.23	+1.2	93.15	96.21	92.72	95.70	+0.9	2.85	118.78	92.51	95.23	91.91	94.84	145.21	113.80	132.54
North America (636)	165.30	+0.3	128.07	132.30	127.51	163.87	+0.3	2.99	164.86	128.41	132.21	127.60	163.45	169.69	158.70	153.20
Europe Ex. UK (562)	125.24	+0.3	97.04	100.25	96.62	98.07	+0.0	3.51	124.82	97.22	100.11	96.61	98.11	132.98	121.81	114.42
Pacific Ex. Japan (244)	168.46	−0.8	130.52	134.83	129.94	150.05	−0.8	3.68	169.79	132.25	136.17	131.41	151.26	175.31	149.00	145.57
World Ex. US (1700)	122.14	+1.1	94.63	97.75	94.20	98.13	+0.8	2.85	120.80	94.09	96.87	93.49	97.31	146.91	118.45	134.48
World Ex. UK (1994)	132.27	+0.7	102.49	105.86	102.03	117.22	+0.6	2.60	131.31	102.28	105.30	101.63	116.50	150.58	127.21	137.05
World Ex. So. Af. (2161)	136.25	+0.8	105.57	109.05	105.09	118.98	+0.6	2.90	135.20	105.30	108.42	104.63	118.27	153.05	130.04	139.48
World Ex. Japan (1749)	159.56	+0.3	123.62	127.70	123.08	144.29	+0.1	3.46	159.09	123.91	127.58	123.14	144.08	165.40	153.20	147.83
The World Index (2222)	136.61	+0.8	105.85	109.33	105.37	119.46	+0.6	2.90	135.58	105.60	108.72	104.93	118.74	153.70	130.66	140.13

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	h	15⅜xd	+⅛	19⅛	14⅝	13,844	2.0
♥Allegheny & W		201p	—	335p	226p	146.9	5.6
Amdahl		807p	—	1159p	793p	1,016	0.6
Amer Cyanamid		30½	—	37	28⅝	2,798	2.8
Amer Express		12⅞xd	—	19⅞	10[illegible]	5,907	4.2
Amer T & T		22⅝xd	-⅛	24⅞	20⅛	38,889	3.1
Ameritech		35⅝	—	38[illegible]	32½	15,597	6.2
BankAmerica		23[illegible]xd	-[illegible]	27⅛	19[illegible]	7,996	2.9
Bankers NY		31[illegible]xd	-[illegible]	37¼	28⅞	2,636	4.6
Bell Atlantic		25⅛	—	26¼	23⅛	18,816	5.4
BellSouth		27⅞	—	29⅛	25	13,627	5.2
♥Bethlehem Steel		7[illegible]xd	+[illegible]	9⅝	7	540.6	—
Bowater		1052pxd	—	1579p	1016p	379.3	6.0
CPC	h	25⅛xd	+[illegible]	25¼	22⅞	3,995	2.5
♥Cadiz Land Inc		170p	—	342p	166p	—	—
California Engy		599p	—	833p	599p	169.1	—
Campbell Soup		18⅝xd	-¼	23[illegible]	17⅜	4,663	2.1
Chase Manhattan		13⅞xd	-¼	16½	9⅛	1,808	4.7
Chrysler		9[illegible]xd	+[illegible]	11½	6¼	2,982	3.2
Citicorp		10[illegible]xd	-[illegible]	11⅛	5⅜	3,881	—
Colgate-Palm		28⅞xd	-¼	29[illegible]	25¼	4,277	2.4
Cont'l Bank		993p	—	1096p	499p	842.6	3.4
Dana		20⅜xd	-¼	24½	14[illegible]	939.1	4.0
Data General		467p	—	1004p	398p	128.9	—
♥Decora Inds		104p	—	122p	66p	—	—
Dun & Brad		38⅞	—	39½	27⅝	5,508	3.9
Eaton		39⅞	—	46½	32½	1,371	2.9
Echlin		9[illegible]xd	-[illegible]	11	7⅜	555.0	3.7
FPL		19⅜xd	+⅛	20	18⅛	3,369	6.6
Fluor		20⅜	-[illegible]	27	19¼	1,652	1.0
Ford Motor		22[illegible]	+½	26⅜	15	11,136	2.3
Gen Elect		40[illegible]xd	-[illegible]	46¼	39⅜	34,728	3.1
♥General Host		452p	—	555p	360p	—	4.1
Gillette		26[illegible]xd	+[illegible]	28⅞	23[illegible]	5,744	1.4
Hasbro		15	—	16	12⅜	1,292	0.7
Honeywell		33[illegible]xd	-⅝	43	33[illegible]	2,369	2.5
Houston Inds		23½	—	25	22⅞	3,043	6.7
IBM		49½xd	-⅛	54½	46⅞	27,880	5.2
Ingersoll-Rand	h	13⅞	-¼	19[illegible]	13⅛	1,439	2.5
Lockheed		23½	—	26⅞	22⅜	1,454	4.7
Lowe's	h	1045p	—	1272p	815½p	762.8	1.4
Merrill Lynch		28¼xd	+⅛	39[illegible]	24⅜	2,696	2.0
Morgan (JP)		36[illegible]	—	37½	28[illegible]	5,809	3.7
Morris (Philip)		40[illegible]xd	-[illegible]	45[illegible]	37[illegible]	37,311	2.7
NYNEX		42⅜	—	44⅝	39⅝	8,667	5.7
For Pacific Agricultural see Cadiz Land Inc							
Pall		14	—	17[illegible]	10[illegible]	1,228	1.3
Pennzoil		25⅜xd	—	38¼	23⅛	1,027	6.2
Quaker Oats		30½xd	-⅜	40[illegible]	28	2,279	3.0
Rockwell		12[illegible]	+[illegible]	15[illegible]	11½	2,771	3.9
Rep NY		21[illegible]xd	-[illegible]	26[illegible]	20⅞	1,134	2.4
Sears, Roebuck		26[illegible]xd	-[illegible]	28	19[illegible]	6,920	5.2
Sthwestern Bell		34⅜	—	35⅞	31⅞	10,317	4.4
Sun Co		13⅜xd	+[illegible]	16⅞	13⅛	1,419	7.2
Tenneco		19¼xd	+[illegible]	25[illegible]	16½	2,395	4.4
Texaco		33⅛xd	+⅛	38⅝	30[illegible]	8,563	5.1
Time Warner		55⅞xd	-1⅛	62⅛	46½	5,178	0.3
♥Unilab		320p	—	587p	320p	297.2	—
Utd Tech		28xd	-⅛	31⅞	26⅛	3,485	3.4
♥URS Intl 1c		6¼p	—	1¼p	0⅛p	2.38	—
US West		20½	—	21[illegible]	18¾	8,483	5.4
Varity		868p	—	1056p	632p	216.6	—
Waste Manage		17¾xd	-[illegible]	26	17[illegible]	8,795	1.3
Whirlpool		1972pxd	—	2799p	1874p	1,390	2.9
♥Woolworth		13⅞	-⅛	18¼	13⅜	1,889	4.2

CANADIANS

	Notes	Price £	+ or -	1992 high	low	Mkt Cap £m	Yld Gr's
♥Abbot Energy		1¼p	—	2p	1¼p	—	—
Amer Barrick		1516p	—	1842p	1268p	2,138	0.3
Bk Montreal		20⅝	—	23¼	19½	2,508	4.7
Bk Nova Scot		1014p	—	1176p	899p	2,066	4.7
♥BC Gas		744p	—	870p	683p	—	3.7
BCE		20⅝	—	24½	19¼	6,306	5.7
♥Brascan		722p	—	957p	704p	595.4	6.6
♥Breakwater		20p	—	33p	6p	12.7	22.8
Can Imp Bk		1218p	—	1818p	1157p	2,265	4.9
Can Pacific		782p	—	938p	770p	2,492	1.9
4pc Deb		35	—	38	34	16.8	11.1
♥Derlan		239p	—	338p	238p	—	5.3

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

هكذا من الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MEDIA - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

London Share Prices

London share prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT.
To obtain your free share Code Booklet ring (071 925-2128)

FINANCIAL TIMES
Weekend July 25/July 26 1992

Brown named shadow chancellor as Blair takes home affairs portfolio

Smith unveils new-look team

By Ivo Dawnay, Political Correspondent

MR JOHN SMITH unveiled his new-look shadow cabinet yesterday, leaving only one member – Mr John Prescott – at his old post of transport at his own request.

As expected, the younger generation has come to the fore with the "modernisers" – the university-educated products of the post-war baby-boom – finally coming of age at the expense of old-fashioned, blue-collar Labourism.

The leader's two youthful heirs apparent – Mr Gordon Brown and Mr Tony Blair – topped the list, winning the shadow chancellorship and the home affairs portfolios respectively.

One of the few remaining veterans, Mr Jack Cunningham, replaces Mr Gerald Kaufman at foreign affairs. Mr Robin Cook, the leader's campaign manager, moves up from health to shadow Mr Michael Heseltine at trade and industry.

Key jobs were also given to two of the five newcomers, with Ms Harriet Harman taking over from deputy leader Mrs Margaret Beckett as shadow chief secretary to the Treasury and Mr David Blunkett taking health.

Mrs Beckett succeeds Mr Cunningham as leader of the House and campaigns co-ordinator.

Other women have also gained important appointments. Ms Marjorie Mowlam joins the frontbench team with responsibility to track Mr William Waldegrave's Citizen's Charter activities as well as covering Labour's womens' issues portfolio. Ms Ann Taylor takes education.

Mr Smith's opponent in the leadership race, Mr Bryan Gould, was appointed as shadow to Mr David Mellor at the National Heritage department, the job he is said to have sought. Mr Frank Dobson, highly placed in the shadow cabinet poll, will attack the government on employment.

In an unexpected move, the new leader has also split the functions of the environment department, giving Mr Jack Straw the top job covering such questions as local government and housing. Newcomer, Mr Chris Smith, takes on the green issues of environmental protection.

Mr Tom Clarke, the last of the new faces, has surprised some by replacing Mr Donald Dewar, who moves after nine years from Scottish affairs to social security.

Analysts believe the most disappointed of the 18 elected will be Ms Ann Clwyd and Mr Michael Meacher.

Ms Clwyd, at Wales, was said to be hoping for a high-profile department. Mr Meacher, until now social security, is charged with overseas aid – now covered by the government from the Lords by Baroness Chalker.

Mr David Clark, until now agriculture, is to take on defence. Non-elected shadow cabinet appointments are Mr Ron Davies at food, agriculture and rural affairs and Mr Kevin McNamara, who stays at Northern Ireland.

Junior appointments will be made at the beginnning of next week with the full shadow cabinet due to meet for the first time on Wednesday.

Ashley Ashwood
Gordon Brown (left) and Tony Blair: top places in the youthful shadow cabinet

Daimler Benz agrees Fokker deal

By Ronald van de Krol in The Hague and Daniel Green in London

DAIMLER BENZ, Germany's largest industrial group, is to take control of Fokker, the Dutch aircraft maker, in a deal that could trigger a restructuring of Europe's regional aircraft industry.

The successful end to four months of talks is likely to put pressure on other manufacturers such as British Aerospace and Saab of Sweden to accelerate their efforts to find partners. At least nine manufacturers are chasing customers in an industry dogged by overcapacity.

The total value of the deal was not revealed yesterday, but Deutsche Aerospace (Dasa), a Daimler Benz subsidiary, has previously said it envisaged paying up to FL 1bn (£312m) for the 51 per cent stake.

Dasa will take its stake in Fokker through a new holding company which will buy the Dutch state's 32 per cent holding plus Fl 500m of new Fokker shares.

A 22 per cent stake in the holding company will be sold back to the Dutch state, which will keep it for a maximum of three years.

The holding company will own 51 per cent of Fokker, with the remainder continuing to be held by private and institutional shareholders.

Dasa is also expected to sell stakes in the holding company to its partners in the Euroliner consortium, Aerospatiale of France and Alenia of Italy.

Mr Koos Andriessen, the Dutch economic affairs minister, agreed the deal yesterday evening after an emergency parliamentary committee meeting which followed a marathon 20-hour negotiating session with the two companies' chairmen.

The last obstacle was cleared when the Dutch government backed down over its demand to remain a shareholder in the company until the turn of the century.

It will be entitled to appoint one member of Fokker's nine-member supervisory board for the next eight years.

It also won guarantees that final assembly of aircraft will continue to take place in the Netherlands.

Canadian helicopter order secures jobs for Westland

By Daniel Green in London, Bernard Simon in Toronto and Robert Graham in Rome

THE SURVIVAL OF Westland, the UK's only helicopter maker, was secured beyond the year 2000 yesterday with part of a C$4.4bn (£1.94bn) order from Canada for 50 marine helicopters.

Westland said last night that the jobs of its 6,000 workforce were safe as a result of the deal. It would not, however, be recruiting new staff.

The deal will also boost the fortunes of Westland's Italian state owned partner, Agusta. The contract is worth about £500m to the two companies over the next 13 years.

Weapons and other equipment will be supplied by a consortium led by Panamax, a Canadian subsidiary of the US computer company Unisys. That contract is worth US$1.5bn (£780m).

"This is the first export order for the EH101," said Mr Alan Jones, Westland chief executive, yesterday. "The Anglo-Italian partnership has been strengthened by the Canadian involvement and it increases the prospects of the EH101 becoming the standard aircraft across Nato."

Other suppliers include: Canadian Marconi, a GEC subsidiary (logistics support, analysis and electronic equipment); CAE industries of Toronto (simulators and electronics), Litton Industries (radar), and Lockheed (electronic support equipment).

The Canadian department of national defence said yesterday that details of the order are still under discussion and that it is not yet sure when a firm contract will be signed.

It is only the second large order for the EH101.

The size of the order was a victory for the defence lobby in Ottawa. The Canadian government's political opponents have argued that the purchase of the military helicopters, originally required to hunt Soviet submarines, was no longer necessary.

The deal is a blow to Boeing of the US, which had tried to persuade the Canadian defence department to modernise its existing fleet of search-and-rescue helicopters.

Westland said construction of the first helicopters should start in 1994, with delivery to the north American companies for fitting out starting in in 1996 and the aircraft going into service a year later.

The Westland-Agusta partnership is now hoping for 25 more orders from the RAF and a similar sized order from the Netherlands.

The timing of the deal adds to its importance for the security of Agusta, controlled by Efim, the Italian state industrial holding in the process of voluntary liquidation.

It comes only a week after the Italian government decided to wind up Efim. Last year Agusta had consolidated turnover of Lire 672bn, debts of lire 2,000bn and carried stocks of lire 1,700bn.

Val Tjolle: price cutting caused company's collapse

Travel group

Continued from Page 1

resources," he said.

The travel industry officials said rumours about Land Travel's financial stability had been circulating for months. Abta said it had been receiving complaints for several weeks from customers whose holidays had been cancelled shortly before departure. Abta told the customers it could take no action as the company was not one of its members.

P&O said it stopped taking Land Travel bookings more than six weeks ago.

THE LEX COLUMN

The yield conundrum

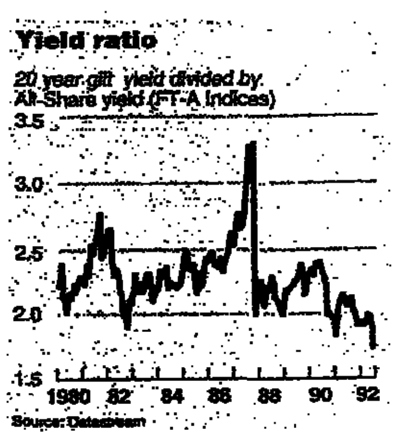
The UK equity market has had a lot to cope with this week: the upward creep in European interest rates, the further collapse of the Tokyo market and the unnerving hints of renewed hostilities between the US and Iraq. Perhaps the most significant development, however, was purely domestic. The ratio between gilt and equity yields – the traditional measure of equity value – fell to its lowest level since the great bear market of 1974.

The comparison has its ironic aspects. In 1974, equity yields soared because corporate earnings were being mauled by inflation. They are now being mauled by the lack of it. In the recent past, a yield ratio as low as two – meaning that equity yields were half the level of long gilt yields – was a fair signal that equities were cheap. The ratio is now 1.73. But it is not clear that the old relationship holds good any more.

The reason is straightforward. The rationale of ERM membership is that inflation should fall to German levels. Part of the process of achieving this involves punishing companies which allow their costs to rise. Gilts are thus worth more than before, because they need no longer offer an inflationary risk premium. Equities, at least in the punitive transitional phase, are worth less because of the damage to their earnings.

The classic danger here is of mistaking a mere cyclical phenomenon for a fundamental shift. In 1974, there was much talk about the cult of the equity being dead. In the first six months of 1975, the All-Share duly rose 130 per cent. But the determining factor this time may lie at a deeper level. The other commonplace assertion at the bottom of a recession is that inflation has finally been licked. If that really is true this time, the valuation shift may be fundamental. The issue can be simply posed. If the UK sticks to its ERM parity, equities may or may not be expensive. If the UK were to leave the ERM, they would be a raging buy.

FT-SE Index: 2377.2 (-22.3)



Japan

Tokyo investors had steeled themselves for disappointment over yesterday evening's high-level government meeting on how to halt the slide in the equity market. Hence the 3.4 per cent drop in the Nikkei to a new six-year low before the outcome was even known. The meeting convened by the Prime Minister, Mr Kiichi Miyazawa, may have been an empty political gesture of concern ahead of tomorrow's upper house elections. Or the authorities may be genuinely concerned but still unable to reach the required Japanese consensus on the appropriate course of action.

Either way round, the likelihood of further falls has increased as a result of the meeting's lack of result. The poor outlook for corporate profits and the low yield on Japanese equities provide little natural incentive for share purchases. It looks increasingly as if some form of official action will be needed to lift the all-pervasive gloom, but such action will have to be pretty determined if investors are to be persuaded about the appeal of equities.

Another government spending programme would not suffice. If and when the authorities do decide to act, they may have to consider some direct help for the struggling financial sector. At the very least, there would have to be a further cut in short term interest rates, a point on which the Bank of Japan still evidently needs some persuading.

UK brewers

The market must have perceived a certain industrial logic behind Greene King's abortive bid for Morland, judging by yesterday's 8 per cent fall in the combined value of the two companies. The fact that the bid still failed after such an apparently auspicious start must be faintly unnerving for the Whitbread Investment Company (WIC). Despite the outcome, WIC has divested itself of a big enough portion of its stake in Morland to comply with the restrictions on the brewing tie which come into force in November. But it may now find it rather harder to scale down its 32 per cent stake – worth around £65m – in Marston Thompson & Evershed.

After the successive failure of the assaults on Devenish, Invergordon and now Morland, it is difficult to escape the impression that companies in the brewing and drinks sector seem immune from takeover. It may be that large blocks of their shares are closely held by loyal institutions. In the case of Morland, it may also be that WIC was seen as a forced seller and therefore that the bid price was inevitably pitched too low. Whatever the reason, a climate has been created in which WIC seems unlikely to find a plausible predator for Marston who will take its holding off its hands.

An alternative approach will almost certainly be needed. The Marston stake is the largest holding that remains to be tackled before the November deadline. It does not lend itself to the technical resolution found for Brakspear, whereby part of the holding was re-allocated between WIC and Whitbread and part sold back to Brakspear itself. On the other hand, conditions do not seem all that propitious for an offering in the market.

Albert Fisher

The initial 15 per cent jump in Albert Fisher's share price yesterday might seem a graceless farewell to the man who built the company's value from almost zero to nearly £800m in less than a decade. The snag was, of course, that Mr Tony Millar then presided over the collapse in its value to some £230m in the space of 15 months. Plainly, there is scope for new management to sort out what lies behind the company's recent history of spectacular accidents.

But it may not work like that. The new chairman Mr Stephen Walls, recently deposed from Arjo Wiggins Appleton, evidently has larger ambitions than running a greengrocer. The day-to-day management of the company is to devolve to the two divisional chiefs of Europe and North America. There is talk of a strategic review, involving reshaping the company through acquisition or disposal. There is no talk at all on the more pressing question of the final dividend. The company is now drifting in a period of transition. Given that the previous problem for investors was precisely the lack of clarity on what was going on, that scarcely seems a recommendation for the shares.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Falls			
Ag Inds	635	–	10
Altana	580	–	10
BMW	526	–	9.5
Gerresheimer	274.5	–	11
Kaufhof	476	–	9
Porsche	504	–	15.5
New York ($)			
Falls			
Aon	$45\frac{1}{2}$	–	2
BankAmerica	44	–	$\frac{5}{8}$
Chase Man	$24\frac{5}{8}$	–	$\frac{7}{8}$
Citicorp	$19\frac{5}{8}$	–	$\frac{1}{2}$
Frank B Hall	3	–	$1\frac{3}{8}$
Wells Fargo	$68\frac{1}{2}$	–	$1\frac{1}{8}$
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Axa	782	+	28
Dollfus	317.9	+	10.9
Geophysique	670	+	15
Falls			
Fonc Lyonn	552	–	17
Promodes	651	–	19
Taittinger	2350	–	100
Tokyo (Yen)			
Rises			
Crown	405	+	48
Okuma & Howa	365	+	33
Settsu	415	+	41
Tokyo Tungsten	540	+	45
Falls			
Hino Motors	560	–	55
Mitsui Estate	2000	–	200
London (Pence)			
Rises			
Bimec	24	+	$6\frac{1}{2}$
Black Arrow	25	+	4
Learmonth & B	77	+	7
Mirror Grp	72	+	3
TVS Ent	$13\frac{1}{4}$	+	$1\frac{1}{2}$
Falls			
Brit Airways	248	–	10
Euro Disney	995	–	20
Ex-Lands	11	–	5
Expamet Int	56	–	6
Ferry Pickering	75	–	25
Greene King	467	–	40
Greycoat	$27\frac{1}{2}$	–	$3\frac{1}{2}$
GRE	114	–	7
Inchcape	392	–	19
Kewill Systems	104	–	10
LASMO	117	–	8
ML Labs	748	–	37
Morland	420	–	41
Salvesen (C)	260	–	$11\frac{1}{2}$
Sumit	30	–	5
Trafalgar Hse	63	–	4
Transfer Tech	383	–	11
Unit Grp	44	–	6
Wales C Lon	$39\frac{1}{2}$	–	5

World Weather

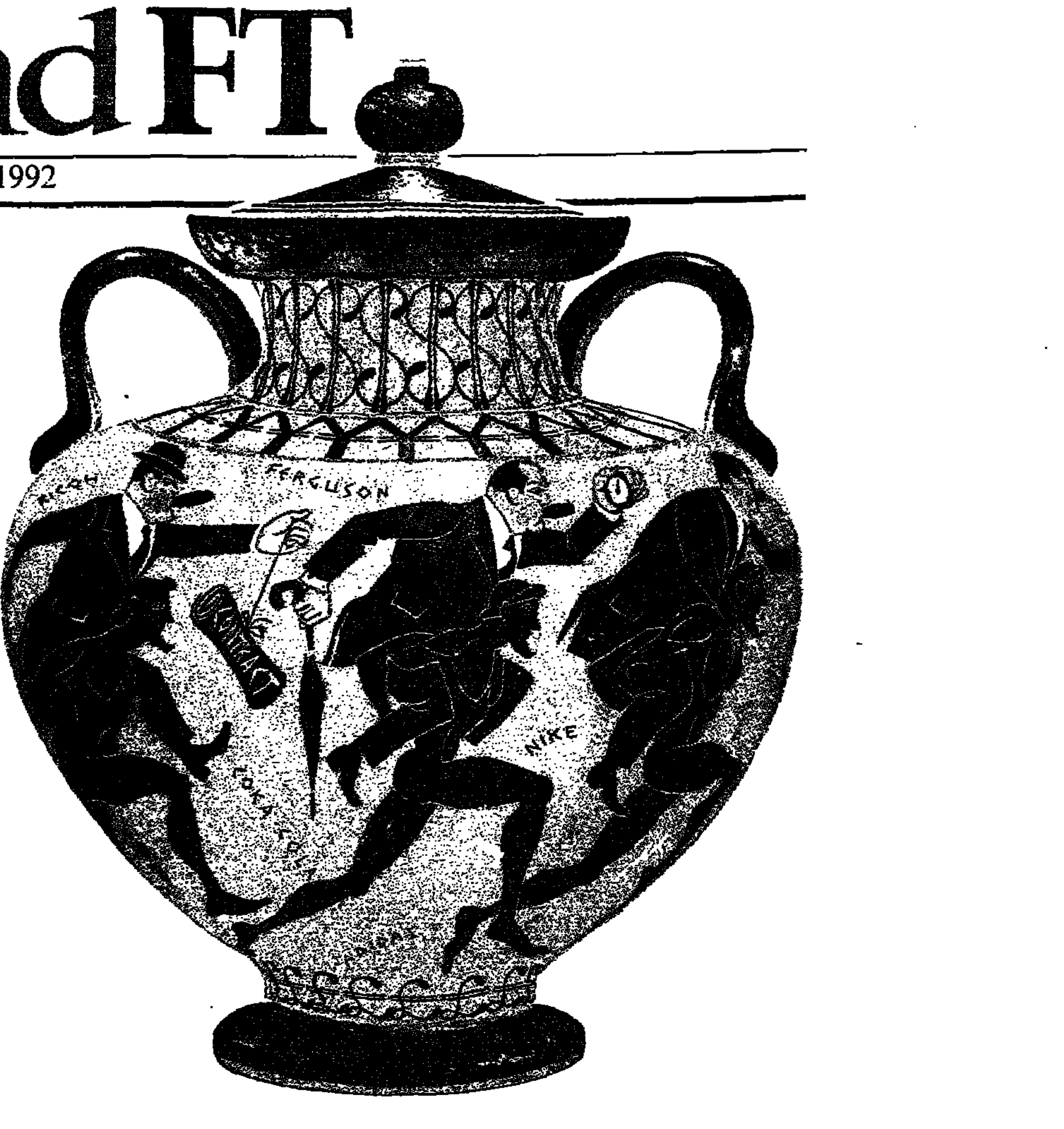
UK Today: Rain over Northern Ireland and Scotland will spread to Wales and northern England during the afternoon, becoming light and patchy. Elsewhere it will be dry with sunny periods, particularly in the south-east.

		°C	°F
Ajaccio	S	27	81
Algiers	S	30	86
Amsterdam	C	26	79
Athens	S	28	82
Bahrain		–	–
Barcelona	S	27	81
Beijing	F	29	84
Belfast	C	17	63
Belgrade	S	29	84
Berlin	S	26	79
Biarritz	R	19	66
Birmingham	F	20	68
Blackpool	F	18	64
Bombay	F	30	86
Bordeaux	F	22	72
Boulogne	S	19	66
Bristol	F	20	68
Brussels	S	28	82
Budapest	F	27	81
Buenos Aires		–	–
Cairo	S	31	88
Cape Town	C	15	59
Cardiff	F	19	66
Chicago †	Dr	17	63
Cologne	S	27	81
Copenhagen	S	21	70
Corfu	S	30	86
Dallas †	S	26	79
Dublin	F	17	63
Dubrovnik		–	–
Edinburgh	C	17	63
Faro	S	25	77
Florence	S	33	91
Frankfurt	F	28	82
Geneva	S	28	82
Gibraltar	S	24	75
Glasgow	C	16	61
Guernsey	F	19	66
Helsinki	S	23	73
Hong Kong		–	–
Innsbruck	F	28	82
Inverness	F	18	64
Isle of Man	S	17	63
Istanbul	F	24	75
Jersey	S	20	68
Johannesburg	S	19	66
Las Palmas	F	23	73
Leeds	F	22	72
Lisbon	S	24	75
Locarno	S	28	82
London	C	22	72
Los Angeles †	C	21	70
Luxembourg	C	25	77
Madeira	F	23	73
Madrid	S	31	88
Majorca	S	30	86
Malaga	S	25	77
Malta	S	30	86
Manchester	C	19	66
Melbourne	C	13	55
Mexico City		–	–
Miami †	S	28	82
Milan	S	31	88
Montreal †	S	17	63
Moscow	S	27	81
Munich	S	26	79
Nairobi	F	24	75
Naples	S	33	91
Nassau		–	–
Newcastle	S	20	68
New Delhi		–	–
New York †	C	17	63
Nice	S	29	84
Nicosia	S	28	82
Oporto	S	23	73
Oslo	F	19	66
Paris	S	25	77
Perth	F	20	68
Prague	S	25	77
Reykjavik	S	12	54
Rhodes		–	–
Rio de Janeiro		–	–
Rome	S	30	86
Salzburg	S	25	77
S'Francisco †	C	13	55
Seoul	C	30	86
Singapore	F	30	86
Stockholm	F	25	77
Strasbourg	F	29	84
Sydney	S	16	61
Tangier	S	24	75
Tel Aviv	S	29	84
Tenerife	S	26	79
Tokyo	C	31	88
Toronto †	S	15	59
Tunis	S	32	90
Valencia	F	29	84
Vancouver †	C	15	59
Venice	S	29	84
Vienna	S	27	81
Warsaw	F	25	77
Washington †	C	23	73
Wellington	F	14	57
Zurich	S	26	79

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

Registered at the post office. Printed by St. Clements Press for and published by The Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL. © The Financial Times Ltd. 1992. "FINANCIAL TIMES", "FT", "FT ORDINARY SHARE INDEX", "FT-ACTUARIES SHARE INDICES" are all Trade Marks and Service Marks of The Financial Times Group

Why we deserve the Games people play



They are big, brash, and corporatist. And, for a fortnight, they will be inescapable. ***Nicholas Woodworth*** *ponders the Olympic omens*

A DECADE ago I felt a passing familiarity with a city of faded, alluring charm. On returning this week to Barcelona for the 25th Olympic summer games, I wandered about a city remade and felt like a stranger striking up a new acquaintance. Gone is the ageing danceball diva. Massaged and made up, powdered and perfumed, Barcelona is rejuvenated and ready to strut the boards in the greatest show on earth.

Catalan energy has worked wonders of transformation. In the past week I have ambled past surging highways where no highways surged before. I have stood by new ports where ships have yet to dock, trundled up hillside escalators to vast virgin acres of glass and marble, and lost myself in entire planned suburbs – now home to hordes of athletes, officials and journalists – that have risen overnight. There is not a lamp standard from which a five-ringed banner does not fly, not a hoarding from which Olympic sponsors do not hawk their wares. Even today, as excited crowds swarm over 42 Olympic venues, the last lick of paint is barely dry on a brash, brave and shiny new Barcelona.

But I have found a retreat from the growing clamour of Olympic triumphalism. For centuries, the Barrio Chino has been a refuge to Barceloneses escaping their own inbred virtues of industriousness and level-headed business sense. Set in the grimy, malodorous alleys lying near the old harbour, it is the traditional haunt of sailors, pickpockets, gourmands, late-night revellers and a Barcelona demi-monde bent on the satisfaction of varied, sometimes illicit, appetites.

In La Plata tapas bar, crowded with theatre-goers, I had tart white wine and sardines fresh from the grill. In the modest Bar Cleo I shared magnificent *butifarra y judias* – sausage and beans – with ham-fisted workers. In La Pineda, I listened to a flush-faced tippler, a migrant like so many in this bustling city, give passionate voice to the songs of his native Andalusia. And in the Paloma ballroom, remnant of an earlier age, I watched elderly ladies flutter their fans in the warm air and wait coquettishly for an invitation to dance the paso doble.

* * *

The world of Mediterranean sensuality may not have disappeared entirely under the weight of the new Olympic Barcelona but, even in the scurviest bar of the Barrio Chino, the influence is inescapable.

Take the simple relieving of summer thirst. Ask for a drink of water here and you are likely to receive a bottle of Fontdor, the "official" Olympic water. Estrella van Damm is the beer which officially sponsors the Barcelona Olympics. Freixinet is its official wine. Minute Maid is its official fruit juice. And Coca-Cola, as no one can avoid knowing, is the official soft drink of the Games. Anyone foolish enough to boycott official Olympic drinks this scorching summer in Barcelona might find himself very thirsty indeed.

The commercial hijacking of every liquid imaginable is not a heavy charge to lay against the Olympic movement. There are many heavier. While Barcelona roars into first gear with today's opening ceremony, the International Olympic Committee is as swamped by as many accusations concerning the perversion of Olympic ideals as it has ever been. From the pettiness of unprincipled gift-taking to the enormity of unleashing on the world a bloated, over-commercialised Olympic organism whose size and growth is now out of control, the IOC, it seems, can do nothing right.

The committee, runs the diatribe, is an all-powerful, secretive organisation answerable neither to athletes nor to world sports enthusiasts but only to Juan Antonio Samaranch, its high-handed, dictatorial president.

Under his rule, critics say, the IOC has been transformed from a selfless endeavour of high moral aspiration into a full-time, cut-throat, profit-making business corporation. Cities wishing to host the Games now pay about $40m (£20.9m) apiece simply for the privilege of wooing the IOC with their bids. Barcelona's spending for the Games and new infrastructure amounts to $4.58bn. Worldwide commercial sponsorship of the Games by Coca-Cola and 11 other multinationals stands at $180m.

Profits from television rights are enormous. The US network NBC alone has paid $401m to broadcast the Games. Profits by athletes are even further out of proportion, critics allege. This year Michael Jordan, who is appearing in Barcelona with the US basketball team, will receive $21m in product endorsements. So high have the stakes become that athletes are willing to do anything to win: Britain's Sports Council cites a study claiming that more than 50 per cent of international athletes would be willing to take a drug that guaranteed them an Olympic gold medal even if it killed them within a year.

* * *

Good grief, what has become of the world? Have the Olympics become so insidious an institution that they have caused us to lose our reason? Could they, in the age we live in, be anything other than what they are? Sitting in the sun in the Barrio Chino's palm-tree-studded Placa Real the other day, an ice-cold, official drink at hand, I decided to take a step back from it all and consult a higher authority.

A weighty and worthy tome by one Professor Richard D. Mandell never leaves my side at these Games. *Sport: A Cultural History* might be couched in over-academic language but it provides a suitably hefty counter-weight to the Olympic razzmatazz that encroaches on every side.

"All societies, including our own," I read, "require self-discipline, the suppression of aggression, and widely accepted justifications of the social order. There have always been social or professional classes to interpret the random happenings of the universe and otherwise to maintain by propaganda and by force the existing political order."

So far, so good. I read on. "The prevailing interpretations of the cosmic order or theology, in order to be made manifest or be given concrete visual or otherwise perceivable form to the society as a whole, requires symbolically presented, well-observed public performances or festivals." The good professor, I took it, was talking about sport. "New technologies and new political organisations regularly result in new varieties of theatrically presented contests that symbolically affirm the correctness of the social order that fosters them."

In dazzling sunshine and 35°C heat, I found it a mouthful, but on further perusal began to see what Mandell was getting at. Sport evolves as a product of its own surrounding environment; it not only reflects the social and economic values of its age, it also reinforces them. Every epoch and every society has found a different purpose and meaning in sport.

Take the Mesopotamians, for example. One of the earliest military dictatorships, Mesopotamia had no time for adolescent pixies waving coloured ribbons on the gymnastics floor. The idea was to demonstrate the fierceness and military skill of the regime in order to impress the populace and scare off foreign enemies. Thus lion-slaying, boxing, and mean feats on the two-wheeled chariot were the sports of the day.

Dynastic Egypt, on the other hand, had no use for such machismo – it lay protected from aggression by the desert and developed a stultified ruling class that evolved little over the millennia. Pharonic rule gave rise to formal, stylised sports generating visually and aesthetically attractive recreations – witness didactic frescos of slender youths illustrating 122 precise and elegant wrestling positions.

On the island of Crete, ancient sport was altogether different. The Minoans were an aesthetic, pacific and theocratic people. They served their gods with poetry, ecstatic dancing and acrobatics. Leaping through the horns of a raging bull and then hand-springing from its back may sound like simple showing-off. In fact, it was part of a complex, sacred ritual of a highly religious society.

In China, a mandarin administration devoted to the protection of the empire's long borders from marauding Mongol hordes gave birth to sophisticated equestrian arts. In Japan, chronic internal disorder gave rise to the samurai class and the evolution of swordsmanship, archery, gunnery and martial arts such as jujitsu. Everywhere, in fact, even in ancient Greece, sport reflected the economic and social ethos of its place and time.

Today, we like to hark back to a classical Olympian age when sport was pure, idealistic and untrammelled by grubby considerations of power, money, and a score of other modern Olympic bugbears. But things were not, it seems, quite like that. Winning an event in the ancient Greek Olympics meant more than earning a garland of olive leaves.

Winning was proof of the favour of the gods; such favour meant that the city-state the athlete represented could proceed confidently in the various political, commercial and military endeavours in which it competed with other city-states of the Hellenic world – Olympia, in one sense, was the Brussels of the ancient world. Idealism was never in it, not even for the athlete himself who, for all but the early Games, was strictly professional and performed for large financial inducements.

England's industrial revolution has given us other gods and other sports. It produced the capitalist age and sporting events that suited the means and ideals of urban mass production. Sport became rationalised, standardised, measured and quantifiable.

Gone, for example, were the spontaneous ball games of the pre-industrial age where, in chaotic meleé, entire rural populations would run, throw or kick a stuffed pig's bladder between one village and the next. In its place evolved the highly supervised, theatrically presented entertainment that today arouses the passions of millions of city dwellers around the world.

Whether it is association football or any other modern sport, the evolution of complex rules, team hierarchies and precise calculations of times and distances lends itself to our market-oriented obsession with verifiable accomplishment. Such sport, concludes Mandell, "not only eased, but actually promoted, the mental adaption of the whole population to the demands of the modern world."

Long after the industrial revolution, we are more obsessed with acquisition and verifiable accomplishment than ever. This is the age of the leveraged buy-out, the corporate raider, the dramatic success and shameful failure of junk-bond trader Michael Milken. Winning in this society is what counts. Why our surprise and outrage, then, that sport is a mirror image of the world as it actually exists? Could drug-pumped sprinter Ben Johnson have come into being if Milken had not?

If we lived in a theocracy, our sports might be directed towards spiritual salvation. If we lived in a militarist society, today's Olympic opening ceremony might resemble Hitler's 1936 Berlin extravaganza. But we do not. Most of us live in democracies shaped by consumerism and the trans-national corporations that supply it. We like Coca-Cola; we like Nike running shoes; we like Panasonic VCRs and Visa cards. We live in a corporate age, with all its benefits and evils, and our sport is corporate sport. Complaining is no use. If we want it otherwise, we will have to change the way we live.

I shall continue to enjoy my occasional retreats into the anachronistic world of the Barrio Chino. But I shall also enjoy the spectacle of the brash, modern, corporate Olympic Games. We have, after all, got what we asked for.

■ More Olympics, page VII

CONTENTS

The Long View/**Barry Riley**

Autumn tea-leaves

A SMALL island economy off the northwest coast of Europe is trying once again to stabilise its currency. Few but the natives are very interested.

The big picture, meanwhile, is that the two global economic giants, the US and Japan, are grappling with debt difficulties which will take years to solve. By and large Europe does not have a debt problem (although Germany seems intent on creating one). All the while, the growth focus of the global economy is shifting to Asia and the world will look a very different place in 20 or 30 years.

When Wall Street crashed in 1987, there was an obvious parallel with 1929. In fact, this turned out to be seriously misleading. What has happened in the US in the past five years has not been at all like what took place at the beginning of the 1930s. Sticking with the stock market as an indicator, the Dow Jones Average has actually headed upwards to new highs, albeit rather erratically and unconvincingly. In stark contrast, between the September 1929 high and the eventual low nearly three years later the Dow lost 89 per cent.

You can argue that it is what has been happening in Tokyo that is more directly comparable with events in the US some 60 years ago. During the 1920s the US had been the brash, fast-growing star of the world economy, marked by soaring asset values and financial excesses. A classic stock market bubble was created. In important respects Japan fulfilled the same role during the 1980s. Perhaps the Tokyo stock market has collapsed in slightly a more orderly way than Wall Street did all those years ago, but the Nikkei Average has nevertheless managed to lose 60 per cent of its value in 2¼ years and this week it hit another new low.

The theory of long economic cycles is sketchy to say the least, but there is some basis for arguing that human attitudes are affected by whether unhappy memories are fresh in the mind or only found in dusty history books. In some circumstances debt spells disaster – as many recent homebuyers in the UK can testify – but at other times optimism dominates and a wave of confidence can lead to the build-up of excessive risk.

Corporate and personal debt is a familiar part of the problem. The newer factor in this second 20th century supercycle has been the willingness of governments to accumulate huge debts, reflecting attempts to stimulate economic growth and also to meet social spending obligations. That is the American problem, and suddenly it is becoming a British problem too, as the ministers at Wednesday's cabinet meeting were made uncomfortably aware.

In the end governments become hemmed in. Last year the British government took the decision to raise 1992-93 public sector borrowing from £14bn to what now seems likely to be well over £30bn. But judging by the reactions of the building societies, there is little more room for the government to go further into deficit. Meanwhile the exchange rate is supposedly untouchable, taxes cannot be raised, and the election manifesto was full of expensive public spending pledges. Something will have to give.

Similarly, in the US a reckoning awaits after the presidential election. Borrowing cannot go on at the current level. It is because forced changes are on the way that there is a growing sense of crisis in the financial markets. Things are brewing up nicely for September and October, when these problems traditionally come to crisis point.

There was absolutely no alternative but that the UK should stay on the gold standard in 1931. To devalue by a quarter, as eventually happened in September that year, would be, they said, disastrously inflationary and would forfeit Britain's economic and political leadership. But the Bank of England ran out of gold. Indeed the UK had to eat humble pie and move down the economic pecking order, but the inflation turned out not to be a problem. As we find ourselves once again perhaps 25 per cent overvalued against the dollar, the potential inflation problem looks much more serious: imports these days satisfy a third of domestic demand, and most would rise in price in terms of sterling by the full amount of the devaluation almost immediately.

The flicker of life in the dollar price of gold during the past few weeks is a reminder that potential currency depreciation is not just a British problem. Only the Bundesbank appears to be determined to fight seriously against currency debasement. The battle has only just begun, but already many fainthearts in Britain have started to throw in the towel.

In the US in the early 1930s a bloated banking system was allowed to collapse. Today banks in the US, Japan, the UK and elsewhere similarly should shrink drastically, but it seems unlikely that the politicians would tolerate the consequences. The British government, for instance, appears to walk in awe of the building societies. The question therefore is whether the inflationary solution is more likely to be adopted this time than the deflationary one: it certainly looks that way in the US.

The upwave of a long cycle is reached when the debt burden has been reduced to acceptable levels and people recover confidence to spend and invest. After an unpleasant period of adjustment, people will once again sell their labour at a price at which they can be profitably employed. However, the vigour of the recovery depends on how human and natural resources, together with technological innovation, can be harnessed within an encouraging political framework. The US led the way early in the century, then Japan took over. In future the biggest opportunities will be elsewhere, perhaps in China.

The recovery could be surprisingly strong when it comes. The London stock market doubled between 1932 and 1936. But there are hard decisions to be taken, whether or not devaluation is chosen. The problems of a small country can be fascinating if you live there.

London

No covering up the gloom

By Andrew Bolger

NEVER mind the occasional actress. Ministers would surely like a privacy law which enabled them sometimes to draw a discreet veil over the state of the British economy – and the stock market, when it gets into bearish mood. Domestic unease about recovery, fuelled by falling overseas markets, produced a grim week in the City.

Joining the ERM was meant to banish the term "U-turn" from the lexicon of economic policy. So, there was something both impressive and disquieting about the speed with which the government backed down from its confrontation with the building societies.

Cutting the interest rate offered by the new National Savings bond was sufficient to prevent a rise in home loan rates – at least for the time being – but the societies insisted that the government's growing appetite for retail savings was keeping them under severe pressure.

The societies saw a net outflow of £314m from their savings deposits in June, the worst monthly figure for six years.

A rise in mortgage rates would have dealt a blow to consumer confidence, on which so many hopes of domestic recovery are now pinned. That could not be contemplated, given that retail sales were on Wednesday revealed to have fallen 0.2 per cent last month.

The government looks increasingly boxed-in. The longer recovery is delayed, the more demands are made on public spending, with lower tax income and higher unemployment costs.

Concern about the ballooning public deficit also puts pressure on the pound. Such fears could be eased by increasing interest rates, but that itself would further postpone any recovery.

The government sought on Wednesday to reassure the financial markets by announcing a new policy which will keep the increase in public spending below the expected level of economic growth.

Domestic concerns were not the whole story, however. Turmoil on the world's currency markets started the ball rolling downwards on Monday, with the European bourses showing their biggest one-day fall since the Moscow coup in 1991.

The chart shows that the FTSE-100 index has lost all its gains since the election of April 9, but it also illustrates that London is by no means the worst-performing market over that period.

A pattern of sorts emerged in the week, with 28-point falls in the FTSE-100 on Monday and Wednesday being redressed partly by bounces of just under 12 points on Tuesday and Thursday. But sentiment on Friday remained gloomy, with the market closing down 22.3 points – a fall of 54.7 points on the week as a whole.

Official intervention in global currency markets sought to check the rise of the D-Mark and slide of the dollar, a battle which kept sterling mainly on the sidelines. But Spain's increase of its interest rates on Thursday left the UK as one of the few European countries which has not tightened monetary policy in response to last week's rise in German interest rates.

That takes us back to the London market and its fear that the next move in UK interest rates might be upwards, choking off any domestic recovery. Messages on the recessionary front remain mixed, with gloom from retailers and the Engineering Employers' Federation being offset by cautious optimism from the British Chambers of Commerce.

Whenever recovery does come, it will be too late to save parts of Britain's troubled machine tools industry. Matrix Churchill, a Midlands-based group, went into receivership only days after Beaver Engineering Group, the Norwich-based machine tool-maker.

Companies reporting this week were quizzed carefully over how they were dealing with tough trading conditions. Reuters, a stock market star of the 1980s, was marked down savagely after the international informational and news group accompanied a 10 per cent increase in profits with a cautious statement on its outlook for revenue growth. The shares closed yesterday at 1011pp, down 153p on the week.

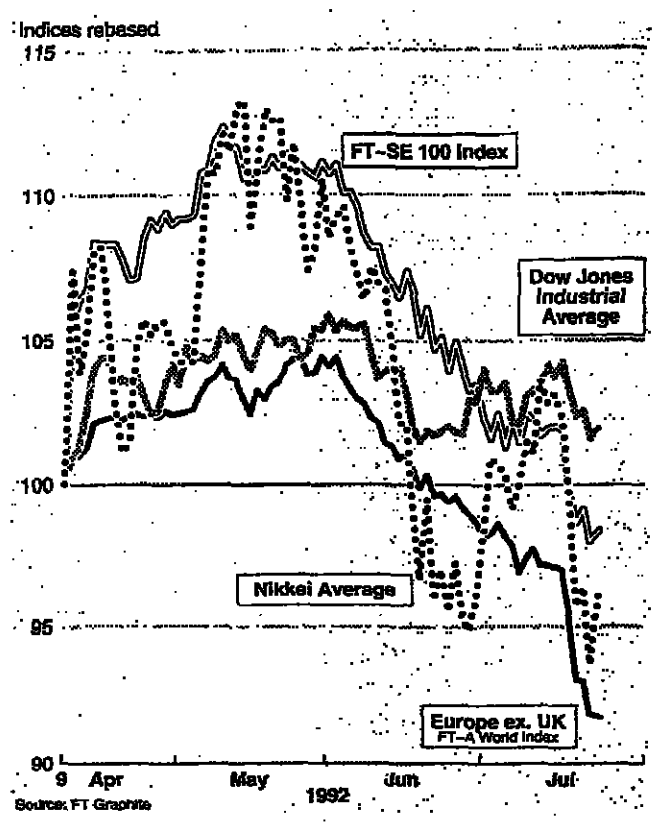
On the other hand, shares in Boots rose after the diversified retailing group told its AGM that it was "bucking the trend" and had increased sales by 11 per cent since April.

SmithKline Beecham, the Anglo-US drugs and consumer products group, once again demonstrated the defensive strengths of pharmaceuticals by reporting a 10 per cent rise in pre-tax profits. That could bode well for Wellcome Trust, the charity which is selling about half of its 73.5 per cent stake in Wellcome, the drugs group. The strike price and allocation will be announced on Monday.

The largest deal of the week came from British Airways which is paying $750m for a stake in USAir, the sixth-biggest US airline, in a move that will create the world's biggest airline alliance. BA, which was privatised in 1987, has long sought a foothold in the lucrative North American market.

The biggest concern for the market – and the government – is that economic recovery, even when it comes, is likely to be very gradual. There is certainly unlikely to be any marked turning point in the looming dog days of August when low trading volumes and empty City offices can make for a skittish trading climate.

On Monday, the prime minister repeated his commitment to staying in the ERM, describing advocates of sterling's devaluation as "pessimist and defeatists." This "steady-as-she-goes" course might eventually steer the economy into the safe haven of resumed growth with low inflation. But this week's scrape with National Savings and unsettled international markets demonstrate that reefs abound.



Source: FT Graphite

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2377.2	-54.7	2737.8	2377.2	Falls in Tokyo & other world mkts
Amstrad	28½	-5	44	23	Warns of big losses
British Aerospace	192	-50	379	188	Placing & financial worries
Davies & Newman	20	-16	101	20	Cash call fears
Expamet Int	56	-29	158	56	Chairman resigns/profits warning
Greene King	467	-54	530	435	Bid for Morland lapses
GRE	114	-23	165	108	Interim due Aug 26
Harland Simon	16	-21	655	16	Recent big losses
ICI	1098	-61	1410	1094	General economic worries
Lucas Inds	99	-16	153	97	Profits downgradings
Mirror Group	72	+19¼	125	49	Rumours of stakebuilding
Reuters	1011	-153	1254	1005	Disappointment with results
Tarmac	66½	-12	161	65	Fears of govt cutbacks
Trafalgar House	63	-18	165	56	Financial worries
Wellcome	826	-44	1174	826	Sold down ahead of flotation

Serious Money

First falls at the first hurdle

By John Authers

WHERE does National Savings go now that FIRST's interest rate is back among equals? NS is not used to the harsh glare of political examination and it is plain that its role needs to be reassessed.

Opinions vary on the reasons for this week's dramatic cut in the rate on offer on the new FIRST Option bond from 7.75 per cent to 7.25 per cent net. These can be divided into two camps – "conspiracy" theorists and "cock-up" theorists.

Both are partly right.

The former would claim that the building societies conspired to blackmail the government with their threats of raising mortgages. They had complained loudly in advance. This might have been more from a wish to maintain profit margins rather than the fear of outright losses.

Against this, the very large demand for the FIRST bond must have taken a significant chunk out of the building societies' accounts.

Those who believe it was only a "cock-up" by National Savings also have plenty of ammunition. The official comment made at the FIRST launch that its rate was competitive but "not the best" proved to be wrong – no building society product could match it, fixed over one year, for such a small minimum investment.

And then there is the appalling way in which the interest rate was cut.

National Savings was within its rights to cut its rates with almost immediate effect. But to do so with such unseemly haste on a Monday night, while advertisements glowingly promoting the old rate were only just off the weekend presses, was an insult to investors.

Applicants whose forms were posted on Monday, but which did not arrive before midday on Tuesday, must feel betrayed – even though they are not obliged to take the lower rate now on offer, their hopes had been raised cruelly.

Regular readers of these pages will know that National Savings has been offering excellent products for some years. From the consumer's point of view, it is impossible to object to this. National Savings must continue to offer competitive rates of interest as the least risky investment for the small saver.

But the government's savings department must show itself to be better organised than it was this week if it is to avoid losing the confidence of investors. And, following the cut in FIRST's interest rate, it also must find another way of attracting funds.

To do this, it could overhaul another outpost of the National Savings empire – premium bonds. Established by Harold MacMillan in 1957, this odd lottery, in which 6.5 per cent tax-free interest is distributed randomly, is now creaking with age. Ernie - the Electronic Random Number Indicator Equipment which picks the winning bond numbers – seems accident-prone.

Last month, we printed in the Briefcase column a letter from a reader who had held the maximum £10,000 worth of bonds for two years – and had not won a single prize.

We also printed National Savings' response: that he had been incredibly unlucky, as he had 10 chances in 11 of winning a prize of some size each month. NS went on to say that Ernie was still random.

This provoked a flood of letters from fellow disappointed bondholders, and from statisticians explaining why this result proved either that Ernie was not random or that there had been a human error within National Savings.

One reader said: "Imagine the entire surface of the earth, including the oceans, covered in sand to a depth of three inches. Every grain will win you a prize, except one solitary grain. Your unfortunate correspondent seems to have picked this one up."

The case for replacing Ernie with a more up-to-date computer system is strong.

The system for distributing prizes creaks similarly. At present, £9.5m in premium bond prizes remain unclaimed. Admittedly this figure covers the entire period of premium bonds' existence, which spreads back to 1957, but it does not reflect well either on public enthusiasm for premium bonds or on the effectiveness of those who run Ernie in getting prizes to their winners. Plenty of premium bonds now lie mouldering under beds.

Ernie might need to retire – particularly as he will by 1994 face competition from the national lottery, which could be a formidable rival. More attractively, he could undergo a total facelift.

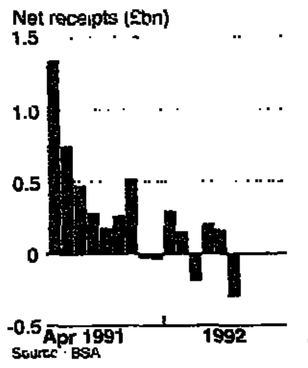
At the moment, premium bonds offer the chance of small prizes which barely set the heart alight. Even the biggest prizes, one of £250,000 each month and four of £100,000 weekly, barely compete with the football pools. It might be better to continue to offer relatively poor interest rates, (compared with the rest of the NS range), but make the system more of a gamble by offering bigger single prizes.

There are strong arguments why premium bonds should offer more of a gamble as they do not compete as investments. Children would be better off with children's bonus bonds, while both the index-linked and fixed-interest five-year issues offer far more security. Premium bonds can play a part in the National Savings range only by offering the (slim) chance of winning millions.

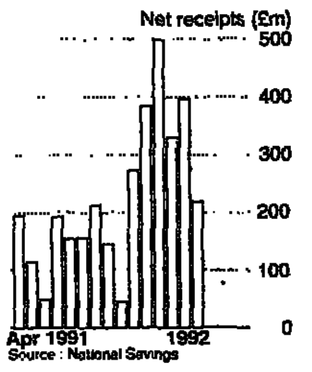
People who did not win a prize would have far less reason to feel aggrieved than the people who posted their FIRST applications on Monday night.

AT A GLANCE

Building Societies **National Savings**



Source: BSA



Source: National Savings

Building societies suffer heavy outflow of funds

These graphs illustrate the story of the week. Building societies suffered a heavy outflow of funds in June, while National Savings had a good month, before the launch of the First Option bond increased their takings still further. The Building Societies Association pointed out that the outflow did not all go to National Savings – the second call for British Telecom shares will have had an effect, and there were also signs that many people were withdrawing savings in order to pay off debts, including mortgages.

With-profits bonds sales boom

Sales of single-premium with-profits bonds continue at a phenomenal rate – even though they cannot quite match the sales of National Savings' First bond. The Prudential announced its results for the first six months of 1992 this week which were boosted by £350m taken in by its Prudence Bond. The Pru says it is happy with the business it is writing and has no plans to withdraw the bond. Equity & Law has confirmed that its with-profits bonds will be available until August 17 – they have not, as might have been implied last week already been withdrawn. Its bond has attracted more than £300m since launch in February last year, and the company wishes to maintain a mix of business. Equity & Law may re-enter the market later.

Smaller companies gloom deepens

Small companies had another terrible week. Share prices in smaller companies have now been falling consistently for two months. The Hoare Govett Smaller Companies index (capital gains version) fell 3.69 per cent to 1092.23 over the seven days to Thursday, July 23, while the County NatWest index fell by 3.49 per cent to 869.47.

Tax guide for pensioners

Age Concern has published an updated version of *Your Taxes & Savings – A guide for older people* for 1992-93. The guide is written by Sally West, of Age Concern England, and Jennie Hawthorne, an occasional contributor to the *Weekend FT*. It includes details of savings, investments and pension provision, and how to calculate tax allowances. Available from: Dept YT2, Age Concern England, 1268 London Road, London SW16 4ER (£4.40 inc p&p).

The FT portfolio

A decimal point was misplaced in last week's article on the Weekend FT Portfolio Race. The value of the Lep Group's portfolio should have read £63.19, not £631.95. This has the effect of making the high yield portfolio even more volatile, and drops it to fourth place. The dart board portfolio is second, and the experts finish third.

Greig Middleton

In the article about Enterprise Zone Trusts last week it was not our intention to suggest that the due diligence performed by Greig Middleton at the time of the launch of Greig Middleton EZT II in April 1991 was less than thorough.

Wall Street

Saddam's ghost gives investors the shivers

THE GHOST of Saddam Hussein returned to haunt Wall Street this week – even though he is believed to be very much alive.

Saddam's refusal to allow United Nations monitors to do their arms-finding job in Baghdad brought the possibility of a renewed US-led military attack on Iraq closer than it has been in the 18 months since the Gulf war ended.

The thought that US forces in the Middle East might once again face combat sent a chill through the stock markets, contributing to the 30-point decline in the Dow Jones average on Wednesday and yesterday's early losses.

A renewed conflict with Iraq – with all the resulting political and economic uncertainty for the world's financial markets - is the last thing US investors need.

The domestic economic recovery continues to disappoint; second-quarter corporate earnings have been decidedly mixed; international equities are in a flux over higher German interest rates and concern about the global economic outlook; and President Bush still looks as if he could lose November's election.

The markets cannot even draw comfort from the thought that another shooting match with Saddam might revive Bush's popularity at home. If anything, it probably would emphasise how the Gulf war, although successful in military terms, was an unfinished job.

Just like the week before, US investors had a hard time this week coping with all the news swirling around them.

In the past few years, Wall Street has developed a resilience in the face of big declines in foreign markets. The drawn-out crash in Japanese equities, for example, created barely a ripple in US markets. But that resilience is under severe stress and has shown its first sign of cracking.

This week, Tokyo stocks fell to their lowest levels in six years and continental European bourses took consecutive tumbles, as did London.

By the time trading in New York opened each day, US investors were in no mood to buy stocks.

While each market was responding partly to domestic influences, the domino-like losses from Tokyo to New York were incurred against a background of deepening concern about the global economy. Investors everywhere are worried that the rise in German interest rates could stifle already-weak economic growth in Europe and the US.

The fact that 11 of the world's central banks, led by the US Federal Reserve, had to intervene in foreign exchange markets this week to prop up an ailing dollar only added to the mood of crisis.

That is a word with which the bosses of US airlines must now be very familiar.

After a vicious price war in late spring and early summer, all the major operators now are reaping the unhappy consequences of trying to boost sales with bargain basement offers.

It was no surprise, therefore, when Delta, supposedly one of the most secure of the country's troubled carriers, unveiled a $265.4m second-quarter operating loss on Thursday.

To compensate for low passenger-mile revenues, Delta is taking the knife to its cost base. The airline plans to cut its workforce by 4,000 (5 per cent of the total) and convert an unspecified number of full-time positions to part-time status.

Another big carrier, USAir, also announced a sizeable second-quarter loss ($84.9m) and also blamed the red ink on the domestic fare wars.

At least the struggling USAir, which is labouring with debts of more than $2bn, was thrown a lifeline on Tuesday in the form of a $750m investment by British Airways, which will take a 44 per cent stake.

There was brighter news on the corporate front elsewhere. Bank profits continued to improve with Citicorp, Chase Manhattan, First Chicago and J.P. Morgan all posting sharply higher income.

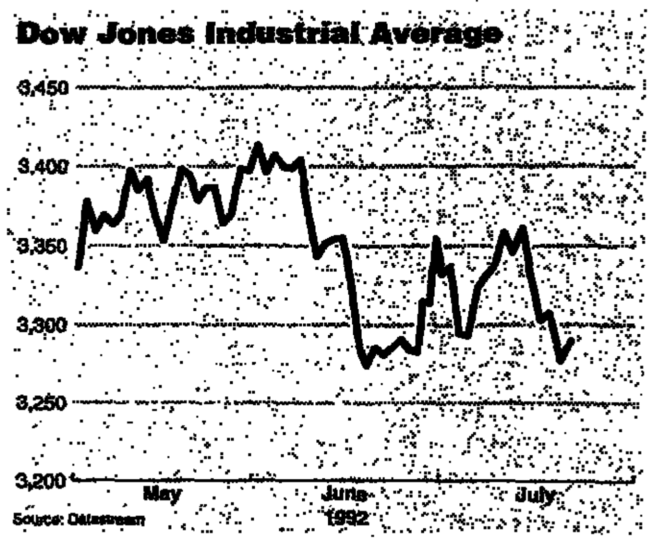
Salomon, meanwhile, proved that it has finally moved out from under the shadow of last year's bond trading scandal. It reported the highest three-monthly operating earnings ever recorded by a publicly-quoted US securities house.

Salomon's stunning feat comes just three quarters after the company was laid low (and almost laid out) by the discovery that it had rigged Treasury auctions in 1990 and 1991 to bypass government rules.

It was achieved partly by piggy-backing the steep yield curve to a big increase in interest income, and by recording a strong performance from its bonds and derivatives trading businesses.

The outcome was a promising debut for the company's new chairman and former chief legal adviser, Robert Denham.

Patrick Harverson



Source: Datastream

Monday	3303.0	– 28.64
Tuesday	3308.41	+ 5.41
Wednesday	3277.61	– 30.8
Thursday	3290.04	+ 12.43
Friday		

The Bottom Line

Gleeful BA faces risks with USAir deal

"ALBUQUERQUE to Omaha? Certainly, madam. Here's your British Airways ticket."

The year is 1997 and Lord Marshall of Hatton Cross runs the world's biggest airline network. It is five years since BA invested $750m – at a Mickey Mouse exchange rate – in USAir, a huge domestic US carrier.

$750m? The combined airline makes that much money every three months now . . .

IT IS this kind of fantasy that on Tuesday drove Lord King of Wartnaby and Sir Colin Marshall, the men who run BA in 1992, to make their biggest corporate move since their company was privatised five years ago. The $750m is buying 21 per cent of the voting rights and at least 32 per cent of the equity rights of USAir, the heavily loss-making US domestic airline.

For King, in particular, the deal is a dream come true. He has nursed his vision of a global airline for 11 years. Twice, that dream was shattered: in 1989, when talks with United Airlines, the US number two, collapsed; and earlier this year when a merger with KLM, the Dutch carrier with a stake in Northwest Airlines of the US, fell through.

King, less than a year away from retirement as chairman to become BA's honorary life president, has cause to be pleased. In some ways, USAir is an even better partner than United or KLM would have been. BA gets almost unparalleled access to the vast US domestic market with almost no overlap on its international routes. USAir's strength is on the eastern seaboard where two-thirds of Europe-bound transatlantic passengers live.

USAir's president should be even happier. His airline is flat on its back, having lost $837m over the past two years. BA's cash will cut its debt from a ghastly 367 per cent gearing to a soothing 50 per cent.

Even their aircraft look similar: spot a blue, red and silver Boeing and it will probably belong to USAir or BA.

Already, the two companies have established an "integration committee" to determine what can be done to merge their marketing, finance and maintenance. Linking frequent flyer programmes is a top priority to compete with United and American, the big two US carriers.

The cost savings that could result bring with them the hope that BA's profits and share price might maintain their extraordinary recession-bucking trends. BA is now the only large airline in the western hemisphere that is making serious money. But, despite King's protestations to the contrary, the deal has risks.

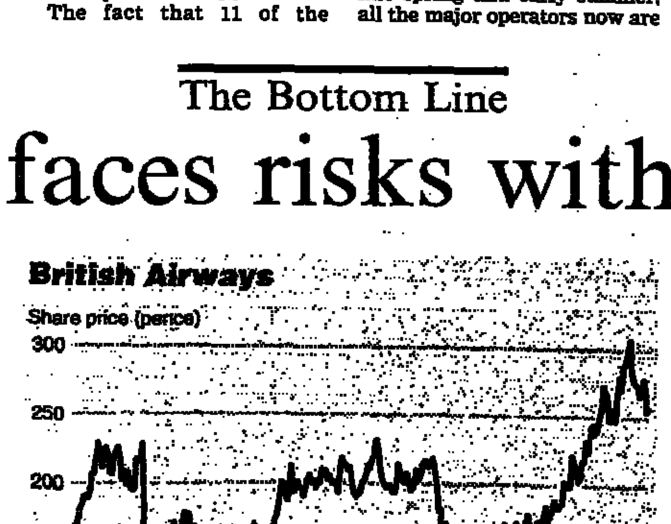
BA is not buying ordinary shares in USAir, but convertibles. These pay BA interest at 7 per cent a year until conversion, after which BA takes its cut of USAir's profits or losses. That conversion is likely to happen in five years' time, so BA's bet is that USAir's profits will have returned to rude health by then. That, however, depends as much on the fortunes of the US airline industry as on management skills. And it is an industry on which US investors themselves have been unwilling to take a bet in recent months.

A share sale by GPA, the world's biggest aircraft leasing company, was cancelled last month when US investors got cold feet. They were worried that US airlines were losing so much money in their bitter price wars that they would not be able to pay the lease fees.

Only this week, USAir itself revealed it had lost $85m in its second quarter, and the larger Delta Air Lines lost $180m in the three months to the end of June. Even King's crystal ball cannot see five years ahead, and BA shares suffered on Wednesday as investor recognised the deal's uncertainties.

At this month's annual meeting, BA's shareholders rushed to congratulate King and Marshall on their profits record. They may have the great American airline passenger to thank if they still feel good in 1997.

Daniel Green



Source: Datastream

Women's pension woe

***Scheherazade Daneshkhu** on why mothers need a pension panacea*

MOST WOMEN confront a basic difficulty when saving for a pension If they are unable to pay premiums constantly throughout a working career, the size of the pension entitlements will be reduced.

For women who intend to be in full time work and remain childless throughout their working life, this is not a problem. But for the majority who take career breaks, the size of their final pension will be smaller than a working man's, whether the pension is paid by the state, their employer, or an insurance company.

The number of working women has been increasing. Last year 71 per cent of women were economically active and although most of them were in full-time employment, a large minority – 43 per cent – were in part-time work, where the right to an occupational pension scheme if a company has one, became law only in 1986.

When most pension schemes evolved, women were seen as dependent on their husbands. However one in three marriages now ends in divorce in the UK. In such cases, a woman's right to her husband's pension is usually relinquished (see the accompanying article).

Yet, arguably, women need larger pension provisions than men since they live on average four years longer.

■ **State pension.** Social security in the UK provides a pension equivalent to only 18 per cent of average earnings, according to Noble Lowndes. For many women, this is the pension on which they rely in old age.

The full state pension is £54.15 per week for the 1992/93 tax year. The full basic state pension is dependent on the number of years over which National Insurance Contributions are paid.

Serps, the state earnings-related pension scheme, which tops up the basic pension, is available only to employees and, as its name suggests, is related to the level of earnings.

■ **Private plans.** These have become more flexible. Insurance companies, keen to find new markets for their products, have targeted women and highlighted shortfalls in both occupational and state pensions to push their own products.

But personal pensions, while more flexible than most occupational schemes, are not the panacea to a woman's pension problems. This flexibility boils down to the ability to stop contributions and restart them at a future date without having to incur new start-up charges.

However these pensions, with high fixed charges, are not cheap. "An appropriate personal pension on its own will not give very different benefit from SERPS, and so is unlikely to be adequate on its own to give a comfortable retirement," says the Equal Opportunities Commission.

Even with a "flexible" pension, a woman cannot avoid the basic fact that when she stops contributing to the plan, her final pension entitlements will be reduced. The longer she takes off to bring up children, the worse the effect on her pension.

London Life estimates that a 30-year-old woman starting a personal pension with monthly payments of £100 gross would accumulate a fund at retirement at 55 years of £167,100. This assumes a yield of 13.5 per cent. If she takes a five-year break between 35 and 40 years, the size of the fund is reduced by 29 per cent to £119,000.

The EOC found one of the most severe drawbacks of personal pensions to be their inflexibility in terms of "filling gaps in paid employment".

"Contributions can only be paid for from earnings and although there is scope for forms of insurance, the only real answer is to save even more money while at work. For women who experience substantial gaps in employment, whatever the reason, the shortfall becomes impossible to bridge."

Women should also beware of unsuitable policies. In the 1988/89 tax year, the department of social security said that 63,000 women with no earnings had been sold personal pensions while the EOC concluded that 250,000 women were sold personal pensions when they would have been better off in Serps.

■ **Occupational schemes**

A good occupational scheme is arguably one of the best pension schemes available. It can give the employee death and disability benefits with contributions from both employer and employee attracting tax relief.

A scheme that gives two-thirds of final earnings after a working lifetime can provide a comfortable pension but again, this will be affected by career breaks. Not all employers operate pension schemes.

The 1989 General Household Survey of the Office of Population Censuses and Surveys showed that 40 per cent of women part-time workers were with employers who did not have a pension scheme and only 11 per cent of part-time women were members of a scheme when their employers had one.

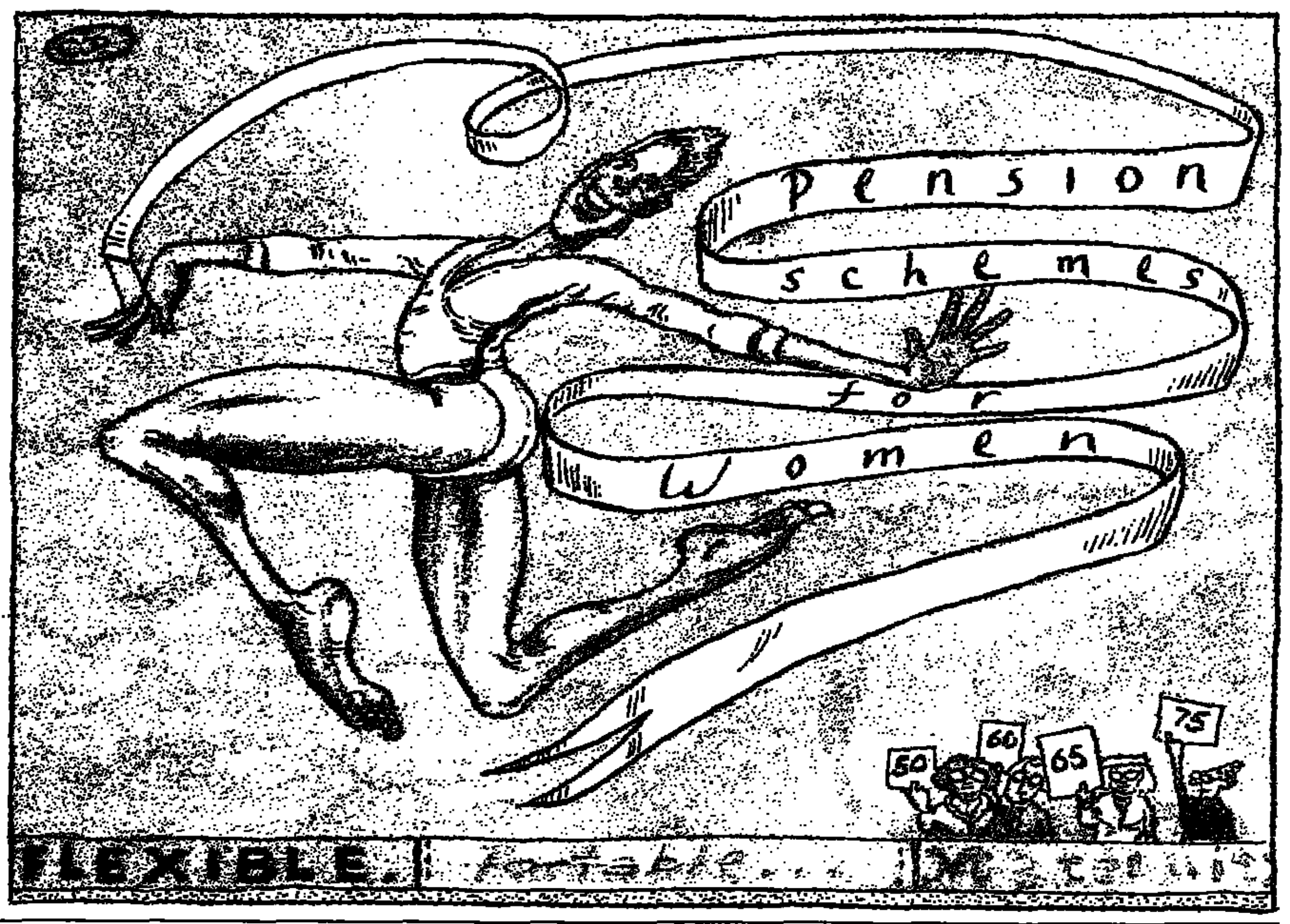
Women can supplement their occupational scheme with an additional voluntary contribution. Rob Gaines, of NM Financial Management, advises checking the contract allows for contribution holidays and that there is no double charging or penalties for stopping and restarting.

One improvement is on the way. From January 1993, it will become compulsory for employers operating a contributory pension scheme to make maternity leave pensionable.

In spite of the flexibility hype, pensions for women are still inadequate.

The conclusion of the EOC report was that the best way of reducing poverty for women in old age is to increase the level of state basic pension, since it is not linked to an earnings record. Since there is little likelihood of this happening, for the meantime, the best alternative for women is to lobby for greater flexibility in occupational schemes.

■ **Employers sweeten pensions, page V.**



Dilemmas of divorce

THE DIVISION of assets after a divorce is one of the most fiercely-contested areas of family finance. For most married couples, the husband's pension rights form the most valuable possession after the family home. Where the house is still mortgaged, its net value often falls below that of the pension.

More than one-third of UK marriages end in divorce. Yet, the law in England and Wales means pension rights are dealt with at the discretion of the courts. While discretion can provide a desirable degree of flexibility, it can also lead to uncertainty and apparently idiosyncratic judgments.

By contrast the law in Scotland is clear on the division of the pension spoils. Under the Family Law (Scotland) Act 1985 "matrimonial property" specifically includes the proportion of pension and insurance rights accumulated during the marriage and, in most cases, these must be divided equally between the partners.

However, even in Scotland, there is seen to be a need to revise the law to include a fairer method of splitting the pension rights other than through cash or instalment payments awarded by the courts.

The UK government is under pressure to clarify the law on pensions and divorce. In recent years, several eminent authorities have put forward proposals but perhaps the most influential of these is the Pensions Management Institute (PMI) working group on pension and divorce set up in February. The group draws on the expertise of the legal profession, the government, pensions experts and consumer organisations.

In April the group issued a consultation paper inviting evidence by the end of June. The group will present its findings early next year and recommend the most appropriate form of new legislation.

Sir Alec Atkinson, chairman of the working group, identified four options for dividing pension rights:

■ A cash payment (or its equivalent) from the partner with the most valuable pension rights;

■ A transfer payment from the scheme of the partner with the most valuable pension rights, to create new rights in a separate pension scheme for the other partner;

■ Achievement of this by reallocating benefit rights within the original scheme; or

■ Earmarking a proportion of the benefits of the partner with the most valuable pension rights so that this proportion will become payable to the other partner on retirement.

Whichever method is selected as the basis for new legislation, the question remains how pension rights should be calculated.

Occupational schemes in the UK are either on a "money purchase" or a "final salary" basis. Under a money purchase scheme contributions are invested to build up a fund which, at retirement, is used to buy an annuity. With this arrangement it is relatively simple to split the accrued pension rights since an individual pot of money can be identified.

However, most pension schemes in the UK are on a final salary basis where it is more difficult to calculate accrued benefits at a given time. Typically, under these schemes an employee builds up a pension at the rate of 1/60th of final salary for each year of service up to an Inland Revenue maximum of 40/60ths, or two thirds final salary (in some cases subject to a final salary limit of £75,000 for the current tax year.)

Sir Alec said: "There are two methods by which actuaries arrive at figures in this area – one to arrive at the transfer value or cash equivalent, and the other to arrive at the past service reserve."

The transfer value or cash equivalent is calculated when an employee changes jobs and leaves the former pension scheme. Past service reserve is calculated in bulk transfers when, for example, the company has changed hands and the employees' pension rights are transferred into the new employer's scheme.

While pension scheme members might feel more comfortable with the notion of a cash equivalent, this is usually worth less than the past service reserve. This is because the increases in the preserved pension for early leavers, which are used to calculate the cash equivalent, are limited by law to a maximum of 5 per cent per annum, whereas full salary inflation is assumed in the calculation of the past service reserve.

While the PMI attempts to create equitable and practical legislation for pension rights on divorce, you should understand your rights under the current law. Anyone contemplating divorce should seek legal advice on pensions aspects.

It is not only private or occupational pension rights that are affected by divorce. Under the basic state pension system a divorced woman who does not have a right to a pension in her own name can still claim a Category B pension under her former husband's National Insurance Contribution (NIC) record.

However, if she remarries she loses this right and must claim under her new husband's NIC record. Moreover, the divorced woman has no claim to a state widow's pension on the death of her former husband even if he was supporting her financially at the time of his death.

The rules under the state earnings related pension scheme (Serps) are equally harsh since all benefits, including a widow's pension, are lost on divorce.

Debbie Harrison

Mortgage rates threat remains

*Societies may have no option but to increase them eventually, says **David Barchard***

THE possibility of a mortgage rate increase in two or three months has not gone away, even though building society rates look set to stay around 10.75 per cent for the rest of the summer.

The government's decision on Monday to heed protests and reduce interest paid on the National Savings First Option bond came just in time.

Alliance & Leicester and Abbey National were within hours of announcing rate increases in line with the proposed Cheltenham & Gloucester increase from 10.75 per cent to 10.99. Had they moved, other societies certainly would have followed.

C&G responded by withdrawing its proposal. But trimming the interest paid on the National Savings bond, introduced on July 7, does not solve the lenders' problems.

If the squeeze on their funding goes on, the societies will have to offer investors more attractive rates. They can do this only do if they put up their mortgage rates. In June, a month before the new bond was launched, £314m flowed out of the societies.

Meanwhile, disgruntled borrowers might bear two things in mind. The first is that the 10.7 per cent rate prevailing in the market now is, effectively, a discounted rate. It dates back to February when the larger lenders moved their rates down, expecting the banks' base rate to drop soon afterwards.

Since then, they have kept their mortgage rate about 0.7 percentage points above base rate. Yet, historically, mortgage lenders normally have pitched their rates at around 1 or 1.25 percentage points above the base rate.

Forget about paying under 11 per cent. With a few exceptions, most companies charge well above that to their existing customers

The second point will probably not have to be spelt out to anyone who has a mortgage from one of the centralised lenders rather than a building society.

For the past four years, they have consistently charged their mortgage customers more than the building societies, but the gap between their interest rates and those of the societies is wider than ever just now.

Where centralised lenders are concerned, you can forget about your rate being 10.7 or 10.99 per cent. With a few exceptions, most mortgage companies charge rates well above 11 per cent to existing customers.

Bank of Ireland Home Mortgages, Bear Stearns and UCB Home Loans all charge 11.5 per cent or more. Household Mortgage Corporation, Citibank Mortgages, BNP Mortgages, Legal & General Mortgage Services and Mortgage Trust levy rates between 11 and 11.45 per cent.

There are some exceptions to these high rates. Credit Agricole, the Mortgage Corporation, the Mortgage Business and Britannia Central Lending charge 10.99 per cent. This is, of course, equivalent to the proposed C&G rate.

C&G Guardian, which was a building society in its own right until 2½ years ago and is a centralised lender subsidiary of C&G, charges 11 per cent (although why anyone should go to a subsidiary and pay more than they would do if they went to its parent is a mystery).

Centralised lenders offered several explanations this week for their high rates. None seems entirely satisfactory. Their first excuse is that only their existing customers pay them. New customers are wooed with discounts, special offers, and other enticements which make the rates they pay in the first year or two of a mortgage comparable with those of the building societies.

The second line of defence is that the building societies are out of step with the market and are charging too little for their mortgages. "If the societies choose not to charge a commercial rate for their business, that is not our affair," one centralised lender told me.

That begs the basic question. With the banks' base rate at 10 per cent, a mortgage interest rate of 10.7 per cent might look a shade underpriced – but a mortgage rate of 11.55 per cent is distinctly overpriced.

Over the past three years, the centralised lenders, as well as charging higher interest, have been consistently tougher on customers who get into payment difficulties than the building societies. These facts should be borne in mind by anyone thinking of entering the housing market now.

Court gives SIB fresh muscle

THE Securities and Investments Board (SIB) is now free to prosecute anyone who breaks the Financial Services Act, including third parties concerned knowingly in unauthorised investment business, following an Appeal Court decision. This could be good news for victims of unsafe home income plans who now rely on partial remedies from different regulators.

The case involves a Swiss firm called Pantell – unauthorised for investment business – which sold apparently worthless shares in an American company, Euramco, to UK investors. SIB sued Pantell's London solicitors and the company itself for repayment of the money, alleging they knew about the misconduct.

The solicitors challenged SIB's powers to seek a repayment order but the court rejected their case. The result is that anyone involved knowingly can be ordered to make full restitution of money invested even though they might neither have received it nor encouraged the investment actively. SIB says it is considering using these powers in a number of cases.

Independent solicitor Nigel Hodkinson of Locks Heath, Hampshire, who has dealt with 1,000 home income plan cases, thinks the ruling might help extricate investors damaged by inappropriate sales of home income plans from the lengthy struggle for compensation.

Sold mainly to elderly people during the late 1980s, these plans involved taking out a mortgage to buy an investment bond, which was supposed to produce an income as well as paying off the loan interest. But many investors were unaware they could lose their homes if – as happened – interest rates rose, house prices fell and the bonds failed to perform as forecast.

Thousands of complaints and claims for compensation began churning around in the regulatory system. In March this year SIB announced a non-stop complaints procedure, but it ran into opposition from some building societies. They refused to allow the building societies' ombudsmen to extend their jurisdiction to cover home income plans.

Redress for investors has varied. Insurance companies answerable to Lautro (the life assurance regulator) have paid £5m to restore around 400 people to the position they were in before investing via tied agents. The insurance ombudsman is dealing with another 120 claims against agents tied to Lautro firms and has made clear that compensation may include amounts for distress and legal fees.

No such extras will go to investors who make claims on the Investors' Compensation Scheme following the default of four intermediaries licensed by Fimbra – the independent brokers' regulator.

The Scheme said this week it expects 1,500 claims to arise from these firms, and hopes to pay at least some compensation as quickly as possible, without delaying to settle the more complex aspects. Investors will be compensated only by reference to the value of their investment on the day the firm was declared in default and cannot receive more than £48,000.

People claiming against Fimbra members still extant face even more uncertainty. "Unfortunately, it does not necessarily follow that (they) will be entitled to the same restitution and compensation as those covered by Lautro," Anthony Nelson, treasury minister, told the House of Commons during the debate on the Finance Bill. "Each case is subject to an examination of the package, the circumstances and the terms of the investment bond, and the mortgage proposed."

Hodkinson said, however, that many investment salesmen around the country had operated without authorisation. He thinks investors who have dealt with such people will be able to ask SIB directly to recover their money in full from any institution involved knowingly. But he adds: "The question is whether the will is there to use the legislation."

Barbara Ellis

The lowdown on low-cost share deals

SEVERAL months ago, a *Weekend FT* reader wrote in lauding the cheap dealing service offered by a FT-SE 100 company to deal in the company's shares. "It is simple, cheap and efficient. I am now wondering whether there are any other schemes of a similar nature available," he wrote.

Most private investors spread their risk through a large number of holdings in different companies and will hold a variety of stock in a general Personal Equity Plan. But there will be times when the investor may want to deal in one or a few blue chip companies, or to increase his Pep holdings through a single company Pep.

Many quoted companies have arrangements with stockbrokers and personal equity plan managers to provide investors with a reduced rate service for sharedealing. Some have a similar arrangement with a Pep plan manager for opening either a single company Pep with a maximum holding of £3,000 in any one tax year, or a £6,000 general Pep, or both.

Companies such as Hoare Govett, NatWest Stockbrokers and Cazenove have led the way in offering a low cost share dealing service for selected quoted companies.

The table below shows companies in the FT-SE 100 which responded to our request for details of available schemes. Some companies, including British Steel, Lasmo, Bass, Pearson and Midland Bank, do not have arrangements for a cheap sharedealing scheme or corporate personal equity plan at the moment and have not been included in the table.

The charges are very competitive compared with execution-only brokers, many of which charge a minimum of £10 for dealing. Similarly, the Pep charges also represent good value compared with the industry norm of 5 per cent initial charges, annual charges of about 0.75 per cent to 1.5 per cent and brokerage of around 1.65 per cent.

Many companies pay or subsidise the initial charge or the annual fee themselves, which leads to a reduction in charges. However, these are execution-only schemes with no investment advice available.

The structure of the service can vary between companies – there may be a minimum value of shares that can be bought or sold. The brokerage for General Accident, for example, requires deals to be a minimum of £500. The same can be true for Peps – the minimum level of shareholding in the General Accident Pep is £1,000, and it is £1,500 for Reuters. VAT is payable on most charges apart from the broker's commission.

Scheherazade Daneshkhu

Company	Sharedealing Commission	Pep charges Initial	Dealing	Annual	Closure
Abbey National	-	0.5%	0.375%	0.85%	£20
Allied Lyons	1%	£10	0.25%	0.5% (£10)	£5+£10♣
Anglian Water	1% (£12 min)	-	-	-	-
Argyll	-	none	0.2%(£5 min)	0.5% (£5 min)	£15
BAA	1%	none	0.6%	0.5% (£15 min)	0.6% (£20 min)
Bank of Scotland	-	none	0.25%	0.5%	none
Barclays	1% (£10 min)	none	0.5% (£5 min)	0.5% (£10 min)	1% (£25 min)
BAT	-	£5	0.25%	£10	£5
BET	1% (£10 min)	none	0.5% (£5 min)	0.5%	0.5% (£20 min)
Blue Circle	1%	none	0.25%	0.5% (£5 min)	£15
British Aerospace	1%	none	0.25%	0.5% (£5 min)	£15
British Airways	1% (£10 min)	none	0.25%	0.5%(£15 min)	0.5% (£20 min)
British Gas	1%*(£9.50 min)	none	0.25%	0.25%	£15
British Petroleum	1%	£5	0.25%	£10	£5+£10♣
Cable & Wireless	1%	0.5%	0.5%	0.75%	£10
Cadbury Schweppes	1%	-	-	-	-
Courtaulds	1%				
Enterprise Oil	1%	-	-	-	-
General Accident	1%	none	0.5% (£5 min)	0.5% (£10 min)	0.5% (£10 min)
General Electric	1% (£10 min)	none	0.5% (£5 min)	0.5%	£10
Glaxo	-	£5	0.25%	£10	£5+£10♣
Grand Metropolitan	1%	£5	0.25%	£10	£5+£10♣
Guinness	1%	none	0.25%	0.5%	none
Hanson	1%	0.5%(£10 min)	0.25%	0.5% (£5 min)	£15
ICI	1%	none	0.25%	£10	£5+£10♣
Inchape	-	none	0.25%	£10	£5+£10♣
Land Securities	-	£5	0.25%	£10	£5+£10♣
Lloyds Bank	1%				
Marks & Spencer	1%	none	0.2% (£5min)	0.5% (£5 min)	£15
MB-Caradon	-	none	0.25%*(£5min)	0.5%	£15
National Power	1% (£10min)	£10	0.25%	0.5%	0.25%+£10♣
NFC	0.5%*	none	variable*	0.5%	£15
Northern Foods	-	£5	0.25%	£10	£5+£10♣
P&O	1%	£5	0.25%	£10	£5+£10♣
Pilkington	1% (£10min)	none	0.25%	0.5% (£5min)	£15
Prudential	-	1%	1%	1%	none
Rank Org	1%	none	0.25%	£10	£5+£10♣
Redland	1% (£10 min)	none	0.5% (£5 min)	0.5% (£10 min)	0.6% (£20 min)
Reed Internatl	1%	none	0.25%	0.5% (£5 min)	£15
Reuters	1%	none	0.25%	0.5%	none
Rolls-Royce	1%	-	-	-	-
RMC Group	-	none	0.25%	0.5% (£5min)	£15
Royal Bank Scotland	1%	none	0.5%	1.5%	none
Royal Insurance	1%	none	0.2%	£20	none
RTZ Corp	1%	none	0.25%	£10	£5+£10♣
Sainsbury's	-	£5	0.25%	£10	£5+£10♣
Sears	1%				
Severn Trent	-	none	0.26%	£10	£5+£10♣
Scottish & Newcastle	1%	none	0.25%	0.6%	none
Scottish Power	£10	none	0.25%	0.25%	0.5% (£20 min)
SmithKline Beecham	1%(£9.50 min)	£5	0.25%	£10	£5+£10♣
Tate + Lyle	1%	none	0.25%	£10	£5+£10♣
Tesco	-	£10	0.25%	0.5% (£10 min)	0.25%+£10♣
Thorn EMI	-	none	0.25%*	0.5% (£5 min)	£15
Tomkins	1%	none	0.25% (£5min)	0.5% (£5min)	£15
Trafalgar House	1%	none	0.5% (£5 min)	0.5% (£10 min)	0.5% (£20 min)
Unilever	1% (£10min)	none	0.25%	0.5%(£12.50min	) 1%(£50max)
United Biscuits	-	none	0.25%	£10	£5+£10♣
Wellcome	-	none	0.25%	£10	£5+£10♣
Whitbread	1% (£10 min)	£5	0.25%	£10	£5+£10♣
Williams Holdings	1%	none	0.5% (£5 min)	0.5% (£10 min)	0.5% (£20 min)
Willis Corroon	-	none	0.25%	£10	£5+£10♣

- indicates the company does not offer a scheme. *sales only. ♣The £10 fee is waived if there have been no previous withdrawals in the tax year.

An option to share

THE SAVINGS product with the best risk/reward ratio of all will be losing a little of its glitter on October 1. This nonpareil is the little-publicised savings-related share option.

With Inland Revenue approval, employees are offered options to buy shares in their company at a price fixed when the options are granted and which is usually 80 per cent of the market price at that time. The options become "exercisable" – convertible into shares – either five or seven years later.

As a condition of receiving this option, an employee must enter into a savings contract, the ultimate proceeds of which will pay for the optioned shares at the 80 per cent initial price. Under these SAYE contracts – offered by a range of building societies and banks as well as the Department of National Savings – monthly contributions are deducted from salary for five years.

The saver must decide at the outset whether he wants to withdraw his money at the end of that period or leave it in for a further two years to accrue extra interest. Either way, the related share option can only be exercised in the six months following the cash withdrawal date.

Interest on the SAYE contract is paid in the form of a tax-free terminal bonus. This currently amounts to 15 monthly contributions after five years and 30 if the money is left in for a further two years, working out at compound annual rates of return of 8.86 per cent and 9.15 per cent respectively.

The Government has now decided to pare back on this terminal bonus. Employees who sign up after September 30 will find the bonus cut from 15 to 12 monthly payments after five years and from 30 to 25 after seven years. This will equate to annual interest of 7.5 per cent and 7.38 per cent – much more in line with prevailing market rates.

For a stand-alone investment these would be generous yields. Perhaps the best comparison is with the National Savings Yearly Plan which pays out 8 per cent per annum at the end of a five-year period – but the overall attraction is enormously enhanced by the added component of the linked share option.

If the share price performs so dismally that by the time of exercise it has fallen below the 80 per cent starting mark, then the holder will allow the option to lapse and be content with his tax-free bonus. But, as the table shows, even if the price has done no more than tread water during the option period there will be a useful capital gain to add to the overall return. And if the shares actually move ahead, the employee's pay-off goes into overdrive.

Wellcome provides a topical example. Wellcome employees in 1986 were offered options to buy shares five years hence at £1.29. Saving at £50 per month cost £3,000 in total, and rendered a fund of £3,700 – and therefore a right to buy 2,868 shares. That means that £3,000 bought those lucky employees the right to buy shares currently worth around £24,000.

Investors who hope to lock-in to the current rates of return before September 30 are likely to find that the matter is out of their hands.

More than 1,000 companies operate savings-related share option schemes and, in the past three years, 1.3m employees have been granted options over shares worth £2.1bn. Far more could have taken advantage of this gilt-edged opportunity. Participation is open to all full-time staff who have completed a qualifying period of up to five years employment but in practice, take-up rates tend to be well below 50 per cent and often as low as 10 per cent.

Those who do seize the opportunity rarely make the most of it. The average contribution is less than £50 per month whereas the statutory maximum was raised last year from £150 to £250. So a top saver can pay in £15,000 (60 x £250) which, if left for the full seven years, will currently attract a bonus of £7,500 (30 x £250). Assuming the usual 20 per cent price discount, this £22,500 cash fund will allow for an option over £28,125 worth of shares. The new rates will reduce this to £26,562.

The only section of the workforce which can almost always be relied on to save to the hilt is the board of directors. Directors and other senior managers will usually participate in their own exclusive executive option scheme, but they can top up with savings-related options.

Although executives earning more than £25,000 p.a. cannot hold options over shares worth more than four times salary, savings-related options fall outside this limit.

Hence, there is nothing to stop a director on a £50,000 salary from being granted a £200,000 executive option and, in addition, a £28,125 (reducing from October 1 to £26,562) SAYE option.

Companies contemplating an imminent issue under a savings-related scheme would be well-advised to try to beat the October 1 deadline. By doing so they will enhance staff benefits at no cost whatever to themselves. But sadly many will be constrained by scheme rules.

David Cohen

David Cohen is a partner in the City law firm Paisner & Co.

The week ahead

Imperial Chemical Industries reports its second quarter results on Thursday, when it is expected to produce pre-tax profits of £200m-£240m, down from £309m for the same quarter last year.

One analyst said that if the company cuts the dividend, the results on the market would be cataclysmic.

The main points of interest will include the results of the pharmaceuticals division. Analysts will be looking at the extent of the decline in Tenormin sales in the US since the expiry of its patents.

The extent to which the new drugs, Zestril, Zoladex and Diprivan, have made up Tenormin's decline will also be key.

Otherwise, agrochemicals are likely to be disappointing, and analysts will be watching the state of the basic chemicals market to see if there has been any sign of an upturn.

The chairman's statement about future prospects will be closely examined.

Midland Bank becomes the first of the Big Four banks to announce its its half-year results on Thursday.

The results are largely of historical interest since Midland was taken over last month by Hongkong and Shanghai Bank and will not pay a dividend to its former shareholders. Last time round a poor performance on its UK banking operations drove Midland into a loss of £71m.

This year it should be back in the black. UBS Phillips & Drew are predicting pre-tax profits of £120m, but a possible write-back of sovereign debt could make the figure even higher.

Lloyds Bank will report on Friday interim pre-tax profits of around £355m against £331m a year earlier.

It is likely to increase its interim dividend by about 15 per cent to 6.29 net. The result will underline its performance as the best of the clearing banks.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Henlys	66	68	52	24.97	Cowie (T)
JS Pathology	175*	170	154	23.06	Corning
Manders	243	232	237	81.97	Kalon
Micrelec	107§§	105	113	14.22	Meggitt
Penny & Giles	313	368	235	30.20	Bowthorpe
Tyne Tees TV	297	270	234	30.64	Yorkshire TV

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional **Based on 2.30 pm prices 24/7/92. §§Shares & cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abtrust Preferred	May	1,720	(-)	14.33	(-)	11.62	(-)
Abtrust Scotland	May	341	(269)	0.77	(0.75)	0.6	(0.55)
Aer Lingus	Mar‡	3,100 L	(6,600)	-	(-)	-	(-)
Aim Group	Apr	3,110	(2,290)	13.7	(11.0)	6.5	(5.5)
Assoc Brit Consultant	Apr	41	(1,140)	0.3	(9.5)	4.3	(6.4)
Baxbuild Develop	Mar	133	(622)	3.0	(8.6)	2.7	(2.5)
Border TV	Apr	1,220	(866)	7.6	(6.0)	2.7	(2.1)
Bristol Scotts	Mar	562 L	(770 L)	-	(-)	-	(-)
British Bloodstock	Mar	55 L	(381 L)	-	(-)	-	(-)
Clayhithe	Mar	548 L	(1,570)	-	(4.3)	2.5	(6.0)
Cray Electronics	Apr	4,790	(3,510)	3.2	(2.5)	0.5	(-)
CRT Group	Apr	6,160	(5,470)	8.26	(7.22)	2.4	(2.0)
Elbief	Apr	451 L	(29 L)	-	(-)	-	(0.5)
Electron House	May	1,420	(968)	2.62	(1.65)	2.35	(2.25)
Eve Group	Mar	3,260	(4,110)	22.5	(29.0)	9.7	(9.2)
Ewart	Apr	201	(254)	1.18	(0.34)	0.75	(1.0)
Exmoor Dual Inv	May	566§	(697§)	6.34	(7.9)	2.7♦	(2.7♦)
Filofax	Mar	552#	(1,550 L)	2.7	(-)	0.5#	(-)
First Spanish Inv	May	421§	(355§)	1.19	(1.0)	1.15	(1.0)
First Technology	Apr	639	(3,030 L)	2.4	(-)	-	(1.0)
Fleming Overseas	Jun	5,310●	(5,150●)	4.0	(3.87)	4.0	(4.0)
Gibbs Mew	Mar	633	(673)	11.69	(10.97)	6.75	(6.75)
Goode Durrant	Apr	1,130 L	(5,200)	-	(9.3)	5.4	(5.4)
Greycoat	Mar	7,600 L	(38,500 L)	-	(-)	5.2	(5.2)
Jacques Vert	Apr	2,810 L	(3,010)	-	(21.9)	2.0	(10.0)
London Merchant Sec	Mar	24,000	(28,900)	6.54	(7.43)	3.8	(3.6)
Menvier-Swain	Apr	6,020	(5,020)	29.2	(23.6)	9.0	(7.3)
Menzies (John)	May	25,400	(21,500)	28.1	(23.6)	10.0	(9.4)
North Fine Foods	Mar	155	(264)	0.97	(0.51)	0.75	(1.75)
Power Corp	Mar‡	12,400#	(15,600)	9.15#	(10.5)	2.0#	(5.76)
Property Security	Mar	5,720	(3,080)	4.04	(1.26)	3.75	(3.125)
Rubicon Group	May	822	(8,900 L)	30.4	(-)	-	(-)
Savills	Apr	2,860 L	(1,690 L)	-	(-)	-	(-)
Southend Property	Mar	3,710	(2,380)	2.6	(5.42)	4.18	(3.8)
Stonehill Hldgs	Mar	387 L	(1,130 L)	-	(-)	-	(-)
Telecom Eireann	Apr‡	91,000	(94,000)	-	(-)	-	(-)
Victoria Carpet	Mar	1,740	(1,900)	18.1	(19.1)	4.5	(4.5)
Wood (SW)	Mar	15 L	(55)	-	(0.7)	0.25	(0.1)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aberforth Smaller	Jun	1,900	(578)	2.1	(2.0)
Automated Security	May	6,550	(13,900)	2.25	(2.07)
Baring Tribune Inv	Jun	2,500	(2,180)	1.7	(1.7)
BWD Securities	May	1,220	(1,380)	1.3	(1.3)
Central Motor Auc	Apr	432	(881)	1.0	(1.0)
Derby Tst	Jun	971●	(985●)	8.23	(8.34)
Doeflex	Jun	876	(580)	1.6	(1.32)
First Maryland	Jun♣	24,300¥	(20,000¥)	-	(-)
Fleming American	Jun	238●	(522●)	0.35	(0.5)
Fleming Claverhouse	Jun	1,070	(1,210)	5.0	(5.0)
Fleming Fledgeling	Jun	365	(211)	1.0	(1.0)
Gen Consolidated	Jun	-	(-)	4.3	(4.3)
Graham Rintoul Inv	Jun	427§	(294§)	-	(-)
Great Western Res	Mar♣	13,600 L	(7,300 L)	-	(2.5)
Green Property	Jun‡	1,010	(847)	1.2	(1.2)
Greenfriar Inv	Jun	505	(420)	2.1	(2.1)
Grosvenor Dev Cap	May	3	(141)	-	(-)
Hemingway Props	Jun	332 L	(2,150 L)	-	(-)
Hill & Smith	Mar	1,240	(2,420)	2.1	(1.91)
Holders Tech	May	198	(181)	2.0	(2.0)
Radius	May	525	(801)	0.9	(0.9)
Reuters	Jun	187,400	(170,000)	5.3	(4.7)
River & Mercantile	Jun	4,950§	(3,150§)	2.25†	(1.6†)
Selective Assets	Jun	194	(250)	-	(-)
Smithkline Beecham	Jun	254,000¥	(230,000¥)	2.075†	(1.871†)
St Andrew Tst	Jun	1,700	(1,480)	2.7	(2.7)
St Modwen Props	May	1,040	(1,020)	-	(-)
Transfer Technology	Jun	3,460	(2,130)	6.25	(6.25)
Union Discount	Jun	14,800 L	(8,400 L)	-	(11.5)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ = Figures quoted in Irish pounds & pence. # = Figures for 15 months. † = Second interim dividend. § = Net revenue. ♣ = Figures quoted in US dollars & cents. ¥ = Second quarter figures. ● = Available revenue. ♦ = Third interim dividend.

RIGHTS ISSUES

Cray Electronics is to raise £39m via a one-for-two rights issue at 61p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Doeflex is to raise £1.33m via a placing of 1.5m shares at 98p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Ashtead Group	Tuesday	1.1	3.025	1.1
British Bio-technology	Tuesday	-	-	-
Colorvision	Wednesday	-	3.1	3.1●
Dale Electric	Thursday	2.0	3.1	2.0
Excalibur Group	Monday	0.4	1.4	0.4
Fleming Emerging Markets	Tuesday	-	-	-
Greene King	Tuesday	3.3	7.5	3.5
Hadleigh Industries	Tuesday	2.2	4.3	1.25
Merrydown Wine	Monday	1.0	6.0	1.0
Mileys	Wednesday	2.16	3.51	2.27
Mitie Group	Tuesday	1.0	1.0	1.25
MMI	Friday	0.25	-	-
Mosaic Inv	Monday	3.5	6.75	3.75
Murray Smaller Markets	Tuesday	1.2	2.55	1.25
OMI International	Friday	1.75	3.48	0.75
Saville Gordon (J)	Thursday	0.5	1.7	0.5
Shield Group	Monday	-	-	-
Smith (David S)	Wednesday	2.75	6.75	2.75
Templeton Emerging Markets	Thursday	-	2.6	-
Tinsley (Eliza)	Tuesday	1.8	3.4	1.8
TR Smaller Co's Inv Tst	Monday	1.5	2.2	1.5
Unit Group	Friday	-	-	-
Unitech	Thursday	4.2	7.5	2.1
YRM	Tuesday	1.65	3.35	1.65
INTERIM DIVIDENDS				
Allied Textile	Tuesday	4.4	7.9	-
Ansbacher (Henry)	Thursday	-	0.01	-
Aukett Associates	Tuesday	1.25	0.5	-
BAT Industries	Wednesday	10.8	11.2	-
Brown & Jackson	Tuesday	0.1	-	-
BT	Wednesday‡	5.7	8.7	-
Bullough	Monday	1.75	4.3	-
Capita Group	Tuesday	1.8	3.8	-
CIA Group	Thursday	1.16	2.6	-
Continental Assets Tst	Thursday	-	1.25	-
Cowie (T)	Thursday	1.5	3.375	-
EFM Java Tst	Monday	-	0.08	-
European Assets Tst	Thursday‡	0.08	-	-
Finsbury Smaller Co's Tst	Wednesday	1.0	1.9	1.0
Freeman Group	Thursday	3.0	-	-
Gardner (DC)	Monday	-	-	-
Greggs	Monday	4.75	9.375	-
Harrisons & Crosfield	Thursday	3.8	5.4	-
Hepworth	Thursday	5.5	9.35	-
ICI	Thursday	21.0	34.0	-
Investors Capital Tst	Friday†	1.25	1.27	1.27
Jacobs (John I)	Thursday	0.5	1.4	-
LASMO	Wednesday	2.3	6.2	-
Lex Service	Friday	4.0	6.0	-
Life Sciences	Thursday	1.15	2.2	-
Lloyds Abbey Life	Wednesday	6.3	11.0	-
Midland Bank	Wednesday	1.7	1.7	-
Rodime	Wednesday	-	-	-
RPS Group	Monday	1.4	0.6	-
Shandwick	Tuesday	1.18	1.18	-
Smaller Co's Inv Tst	Monday	1.2	1.3	-
Sphere Inv Tst	Wednesday	1.67	3.87#	-
Telegraph	Wednesday	-	-	-
Temple Bar Inv Tst	Tuesday	4.5	8.5	-
Thornton Asian Emerging Mkts	Thursday	-	0.5	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = First quarter figures. † = Third quarter figures. # = Total payment for the year ended December 31 1991. ♦ = Figure quoted in Dutch guilder. ● = Second interim dividend.

Investing in . . . China

Stocks need time to settle

CHINA has opened the gates to foreign investment at last and money is pouring in. The potential for growth on an unprecedented scale is plain. China has the largest population on earth and a cheap workforce. Most Chinese share the work ethic of other Asian economic success stories such as Japan and Hong Kong.

Senior leader Deng Xiaoping's "open door" policy of economic liberalisation has included the establishment of two new stock exchanges, trading in shares which have an ingenious capital structure to ease the difficulties for foreign fund managers. But European investors still need the answers to two questions:

■ **Is the economy vulnerable to political change?**

The enlightened technocratic liberalisation being applied to the economy sits awkwardly with the brutish massacre of students in Tiananmen Square, Beijing, in 1989. There is understandable reluctance to put funds at the mercy of a regime led by a man of 87 which has shown it will not baulk at authoritarian measures reminiscent of Stalin.

Some observers are, however, confident that economic reform is there to stay. Deng is trying to ensure a succession committed to economic liberalisation. Over the past six months he has moved several members of the liberal faction into key posts, and is expected to consolidate power at the 14th party congress scheduled for November.

The communists also appear to have realised that some form of liberalisation and market discipline will be necessary to deliver an adequate standard of living. Experience of Europe's former eastern bloc shows what can happen to political regimes if living standards are poor. In any case, though, Deng's initiatives have already attracted enough foreign investment to make U-turns difficult.

The economic data are astounding. China managed real gross national product growth of 7.0 per cent in 1991, and industrial growth of 12.9 per cent. The five-year plan for 1991-95 has already raised its target for GNP growth from 6 per cent a year to 9 per cent. Meanwhile the people are thrifty but have little on which to spend their money. This has led to a savings ratio calculated by Barclays de Zoete Wedd (BZW) at around 30 per cent, suggesting healthy prospects for any company which can produce something they want to buy.

■ **Is the Chinese market the best place to buy exposure to the Chinese economy?**

China now has two stock exchanges, in Shenzhen and Shanghai. The authorities have gone to elaborate lengths to make life easy for foreign investors. Each company issues two classes of share. "A" shares may be bought only by locals, while "B" shares are reserved for foreign investors.

John Kelly, of BZW Investment Management, is enthusiastic. "The system is marvellously well organised. In China, there are authorised brokers and dealing is electronic. They've got rigorous controls on how companies can be listed and they use international accounting standards."

This does not mean the market is immune to problems. Shanghai's "B" share market now has a total capitalisation of US$151m, while Shenzhen's is $685.2m. These tiny figures may illustrate the potential for growth, but they also show the tightness of the market. It is not easy to spread risk if you invest only in "B" shares.

Many claim that investors' enthusiasm to take advantage of these new opportunities has left the market overheated and overvalued. The high Chinese savings ratio has led many locals to try to buy "B" shares, constricting supply for foreigners.

In Shenzhen, a typical "B" share trades off a price-earning multiple of 30, while "A" shares are on multiples of 37 to 40. Many fund managers have, therefore, decided to avoid "B" shares and buy their exposure to China elsewhere in the Far East – particularly Hong Kong.

According to Kenneth King of Kleinwort Benson Investment Management: "China is the most exciting investment area in the world at the moment. But going from there to setting up a fund to buy a very small number of "B" shares which are grossly overpriced is quite a leap. It's perfectly obvious that the market is grossly overheated."

Tim Williams, of Schroders Asia, takes a similar view: "Almost inevitably, gravity will assert itself and then there will be a major fall. And that's when I plan to buy."

There are differences between China's two markets. While Shenzhen, just across the water from Hong Kong, is the larger, most of its quoted companies are joint ventures with the colony. This makes it all the easier to buy Chinese exposure with a Hong Kong fund. Shanghai was the largest market in Asia before it was shut down forcibly by the communists in 1949. The companies planning to come to the market there in the next few months are a different proposition from Shenzhen as they are mostly in heavy industries, like Shanghai Chlor-Alkali and Shanghai Tyre and Rubber.

Most previously were state-owned monopolies. This offers the kind of direct exposure to Chinese growth which is difficult to buy in Hong Kong or Taiwan.

So how should a private UK investor get involved? There are five authorised unit trusts investing in Hong Kong and many more investing in a range of Pacific rim countries. None of these is a "widows and orphans" investment but they offer some diversification.

China is not an authorised market, so onshore unit trusts cannot be bought. But several offshore funds have been launched this year to buy "B" shares.

These include Barclays China (based on Jersey); the GT Shenzhen and China fund, which is registered as a unit trust in Hong Kong and listed on the Hong Kong stock exchange; and Hafnia Prolific's China Opportunities fund, which is listed on the Dublin stock exchange.

Of these, only GT is restricted exclusively to "B" shares; it is now 65 per cent invested. The others have scope to invest in Hong Kong and other local markets, and Hafnia Prolific, which is a fully-authorised fund, has only a maximum of 10 per cent in "B" shares.

Minimum investments are not prohibitive compared with unit trusts. Companies more sceptical about "B" shares, such as Schroders and Kleinwort Benson, offer large "emerging market" funds. These spread risk across several markets.

China offers rewarding prospects for those prepared to take a risk. But it could be best to limit that risk via a broad fund for the time being until the country's well-organised stock markets have had the time to mature.

John Authers

FACTFILE: China

Population (1991 estimate):	1,158m
Gross Domestic Product (1991):	£210bn
Real GDP growth (1991):	7.0 per cent
Market Capitalisation:	US$836.2m
Inflation rate:	3.4 per cent
Exchange rate:	£1 =10.608 Yuan

Total available for foreign investors *Source Prolific Asset Management*

Shanghai, which used to be Asia's biggest market before the communists took over in 1949

Employers sweeten pensions

Norma Cohen on measures being taken to keep workers loyal

A PENSION often is described as the most valuable but least-valued benefit that employers provide. Such a contradiction has been a source of increasing concern to employers who, with their pension costs spiralling upwards, watch with increasing frustration as their staff opt out of handsome benefits packages for personal pension plans that are patently less attractive.

Now, pension consultants say, employers are examining ways to restructure their packages to make them more attractive to a broader mix of employees.

Kevin Spring, director at the Wyatt Company, a firm of consulting actuaries, says the advent of personal pensions has made employers aware that the generous provisions they are making for their workers' retirement are not fully appreciated. Furthermore, they are often not the most attractive for younger or part-time workers who will not stay long enough to enjoy the benefits fully.

Spring says the challenge is for employers to provide for workers' retirement in a way that most will appreciate. And because workforces are diverse, the classic final salary scheme awarded after 30 years of continuous employment is attractive to only some of the employees.

Under such a scheme, a full pension allows a retiring worker to receive two-thirds of his final salary for as long as he lives, with the likely guarantee of periodic inflation adjustments besides. But while such benefits are enough to guarantee the loyalty of older workers, younger transient workforces are often unimpressed.

"Personal pensions are simple to understand, flexible, provide investment choice and are perceived to be portable," Spring says.

"All of this makes them extremely attractive for younger people, even though these perceptions often prove to be invalid in practice."

According to Paul Greenwood, research actuary at consulting actuary Mercer Fraser and Co: "What has changed things has been the availability of voluntary scheme membership and the growth of personal pensions.

Employers are spending 10 to 15 per cent of total payrolls on pension benefits and they want to get better value for money out of it."

The fact that this spending is not necessarily appreciated by workers has prompted the redesign of pension benefits. But while this issue is deeply troubling to the pensions industry, a relatively small proportion has tried to address it so far.

Mike Brown, director of communications for the National Association of Pension Funds, the industry trade association, says: "Flexibility is one of those things which everyone is in favour of but which can give you lots of trouble." He pointed out that in a survey of members, only five per cent had moved to introduce some element of flexibility.

For those which have, a number of options are available. Spring outlined several which employers are building into their schemes. One, a so-called "nursery scheme," allowed employees under the age of say, 35, to join only a so-called money purchase scheme which would give them a portable lump sum.

At the trigger age, the employee was then allowed either to stay with the money purchase scheme or opt into the final salary scheme most attractive to older workers.

Another option would be to give all employees the choice of taking part either in a defined contribution plan, where they paid in an agreed portion of their salary, or a defined benefit scheme where the final return was known.

The defined contribution scheme would not be as attractive as the package received by those in the defined benefit scheme after a full working career. But people who stayed in for a shorter period of time – say, five years – would receive proportionate benefits which would certainly be better than the benefits received by those who had elected a defined benefit scheme.

Greenwood says some employers have offered the option of accruing a smaller portion of a final salary scheme in any given year in exchange for either a lower annual employee contribution or the availability of some other inducement, such as a company car. While employees typically accrue 1/60th of their final pension each year, some have opted to accrue only 1/80th.

Flexibility has its attractions but cost savings are not one of them, Greenwood says. Overall, flexibility increases costs slightly by making administration more expensive. "But the trade-off is a greater appreciation of benefits."

Thus, spending on pensions engenders employee loyalty rather than producing a yawn – precisely the view that prompted companies to offer pensions in the first place.

Directors' Transactions

THE GLOOM surrounding the stock market continues to cast its shadow over directors' activity.

BM Group, the construction equipment company, was highlighted a couple of weeks ago when Roger Shute, the resigning chairman, bought shares. A statement issued by the company on July 3 revealed that the board was concerned about the price drop from 398p at the beginning of June to 85p at the beginning of July.

It was claimed that neither the group's trading nor financial position justified the scale of the fall, and a review of the management accounts suggested there would be continued growth in profitibility. Seven directors – including Matthew Thorne, the new chairman, and Howard Sutton, the managing director – bought 83,500 shares at 96p.

Directors at Microgen, the computer bureau services group, have also been buying. Douglas Lee, the chairman, G.E. Liddle, the finance director, and another executive director bought a total of 104,500 shares at 160p. Mr Allison, one of the non-executive directors, bought 2,000 shares at 168p.

Final results at Birse Group, in the contracting and construction sector, reflect the impact of a bad debtor. Nevertheless, when recovery dawns it should be in this sector, and director buying should mean good news. Four directors – including the chairman and chief executive, Peter Birse, and the finance director, David Swales – bought a total of 830,275 shares at prices between 19 and 24p.

Angus MacDonald, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Appleby Westward	FdRt	24,750	68	1
Bradstock	InsB	26,500	38	1
Dixons	Stor	400,000	816	1
Kingfisher	Stor	750,000	3,515	1
Leigh Interests	Chem	150,000	375	1
Richards Group	Metl	300,000	204	1
Sims Food	FdM	28,737	68	1
PURCHASES				
Barrett (Henry)	Metl	60,000	13	1
Betterware Cons Prd	Stor	20,000	59	1
Birse Group	Cont	750,000	158	4
BM Group	EngG	83,500	80	7
Bristol Even'g Post	Mdia	10,000	27	2
Cooper, Frank	Metl	27,500	10	3
El Oro Mining	Mine	10,000	38	1
Great Portland	Prop	150,000	192	1
Leeds Group	Text	2,500	11	1
Microgen	PP&P	106,500	171	4
Oriflame	Stor	220,00	387	2
Proudfoot (Alex)	BusS	15,000	23	2
Sturge Holdings	InsB	25,000	19	1
United Energy	Oil	158,500	30	4

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 13-17 July 1992.

Source: Directus Ltd, Edinburgh

Protection for professionals

NAMES AT Lloyd's of London insurance market are not the only people who stay awake at night worrying about unlimited liability.

Increasingly lawyers, solicitors, accountants, architects and other professionals who are liable for all the losses their companies make have cause for concern.

Professionals are coming under fire from their clients when things go wrong.

Housebuyers who lose out through over-optimistic surveys, hospital patients who suffer from doctors' mistakes, and shareholders whose companies go under because of sloppy accounting – all are much more likely to turn to the law for redress.

And, following the well-established North American trend, courts are more prone to hand out big awards to compensate for losses due to professional negligence.

Broker Alexander Howden and insurance company Sun Alliance International have now launched a product which could help to relieve some of the stress.

The product is called the Catastrophic Asset Protection Scheme (CAPS). In essence, it is an insurance policy which protects family assets against the risk of being called on to meet the costs of a successful professional negligence claim.

CAPS is based on the legal premise that a spouse has an insurable interest in the family home. According to Peter Hornsby, of Alexander Howden: "The policy is bought by the spouse and they must pay the premium because the policy has nothing to do with the partner."

It is also designed to supplement the professional indemnity (or PI) insurance which offers a limited amount of protection against some of the cost of legal awards.

Hornsby says more people are feeling nervous about claims exceeding the limits of their PI policies.

Premiums depend on the level of PI insurance in place and the value of the assets being protected.

The spouse of a solicitor with professional indemnity cover of £10m would pay £125 to cover assets of £100,000 and £270 to cover assets of £1m.

But if the PI limit is only £1m, then the premium rises to £250 for the £100,000 of cover.

Richard Lapper

Tax and US shares

I OWN some Marsh and McLennan shares and I enclose a copy of the dividend paid on May 15. I would be grateful if you could explain how I mark out how much "Tax Credit" I should show on my next tax return in respect of this dividend.

■ The expression "tax credit" (as distinct from "foreign tax credit" etc) is only applicable to dividends of UK companies, which are paid without deduction of income tax. Your US dividends should be entered in the section of your tax return headed "Other dividends . . . already taxed" not in the section headed "Dividends from UK companies and tax credits".

You should enter the gross amount and add a note that the dividend has suffered 15 per cent US tax as well as 10 per cent UK tax.

If you are exempt from tax, the tax refund will be only £6.79.* If you are a 40 per cent taxpayer, you will have an extra £10.19 to pay.

* If you are exempt from tax on the dividend by reason of a trading loss, for example, you can elect to forgo foreign tax credit and therefore treat the dividend as reduced by the US tax to £57.73, which will leave you with an additional £10.19 loss relief available elsewhere.

CGT bill on property

I OWN a freehold upper floor maisonette in Tooting, London, which was bequeathed to me by my mother 20 years ago. If I sold this property – which I have rented out, off and on, but which is now empty – would I be exempt from capital gains tax and inheritance tax? Alternatively, if I made a gift of it to my daughters, would they be liable for capital gains tax should they decide to sell it?

■ If you move into the maisonette before contracting to sell it, and give the appropriate main-residence notices under section 101(5)(a) of the Capital Gains Tax Act 1979 (or the corresponding provision section 222(5)(a) of the taxation of Chargeable Gains Act 1992), you should significantly reduce the prospective CGT bill – subject to any anti-avoidance legislation in the Finance (No 2) Act 1992, of course.

If you give the maisonette to your daughter, you will have the same CGT bill as if you had sold it to her at its current market value (although you could pay the CGT by instalments, with interest).

The term "heritage property" refers to property which forms part of the national heritage – not simply to property which has been inherited.

Your best plan is to consult a solicitor who is competent in the tax law and practice relating to domestic property transactions. As a first step, you could ask your tax office for the free pamphlets CGT4 (Owner-occupied houses) and CGT14 (Capital gains tax: an introduction).

Attorneys' powers

MY WIFE and I are pensioners and we propose to execute Enduring Powers of Attorney reciprocally on the prescribed forms to provide general authorities to act if either of us becomes mentally incapable. We own the freehold of our home as joint tenants, subject to a mortgage. Is there any special authority required in the Powers to include our joint-ownership of our home?

■ There is no special authority required to enable the donee of an enduring power of attorney to act as such for one of two (or more) joint tenants. The power must, of course, state that it is related to interests in land eg. by stating that it relates to all the property and affairs of the donor.

War benefits come to light

I HAVE found documentary evidence (National Health & pensions insurance card) that my mother was employed for some years prior to World War Two. At the moment she exists on the basic state pension. I have been told that, under certain circumstances, she may be entitled to additional benefits in her own right, but the local DHSS office has no knowledge of this type of claim.

■ You should make enquiries of the Benefits Agency at 5 Ways Tower, Frederick Road, Edgbaston, Birmingham B15 1ST.

The benefit of a bond

AM I correct in thinking that, were I to assign the benefit of a single premium insurance bond to my wife, a chargeable event would not result – ie it would be a gift *inter vivos* and so free of all tax?

If that is so, on subsequent encashment of the bond by my wife, is the assessment of capital gain based on the original single premium paid to me nearly 20 years ago, or on the value of the bond (determined by the published price of the underlying units) on assignment to her? If the latter is the case, can top slicing relief be applied over this period?

■ As assignment by way of gift of the rights conferred by a single-premium life assurance policy is, as you say, not a chargeable event within section 540 of the Income and Corporation Taxes Act 1988. (However, the reason which you suggest, after "ie", is not correct).

Your wife's income tax liability on her subsequent surrender of the policy would indeed be based upon the excess of the surrender proceeds over the original premium. Top slicing relief would indeed be available to mitigate any liability to excess liability (currently 15 per cent) – and to CGT on other assets (under section 102(3) of the Finance Act 1988) – but not any liability to age surcharge (currently 12½ per cent).

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£1,000	10.40%	Yly
Bristol & West BS	Balmoral A/C	031 225 3557	Instant	£25,000	10.90%	Yly
Teachers BS	Minster 90	0800 378869	90 Day	£1,000	10.90%	Yly
Bath BS	City of Bath	0225 423271	6 Mths	£40,000	11.25%	Yly
Chelsea BS	Premier A/C III	0800 272505	30.9.94	£10,000	11.75#	Yly
Cheltenham & Gloucester BS	Golden Term Share	0800 717505	4 Year	£25,000	12.25♣	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.68%	Yly
Julian Hodge Bank		0222 220800	5 Year	£20	12.50%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.00%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	11.60%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	9.50%	Yly
UDT	Capital Plus	0734 560411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£5,000	9.75%	Yly
				£10,000	10.00%	Yly
				£25,000	10.50%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich (Guernsey) Ltd	Intl Gross	0481 715735	Instant	£500	9.50%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000	10.55%	Yly
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000	11.00♣	OM
				£25,000	11.25♣	OM
				£50,000	11.75♣	OM
GUARANTEED INCOME BONDS (Net)						
Aegon FN		071 538 8800	1 Year	£50,000	8.60%	Yly
CCL Assurance FN		071 626 3591	2 Year	£5,000	8.20%	Yly
Prosperity Life FN		0800 521546	3 Year	£25,000	8.30%	Yly
Aegon FN		071 538 8800	4 Year	£20,000	8.45%	Yly
Aegon FN		071 538 8800	5 Year	£50,000	8.55%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.50%	Yly
	Income Bonds		3 Month	£2,000	9.25%	Mly
	Capital Bonds D		5 Year	£100	10.75F	OM
	First Option Bond		12 Mths	£1,000	9.07%F	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	37th Issue		5 Year	£25	8.00%F	OM
	5th Index Linked		5 Year	£25	4.50% + Infln	OM
	Childrens Bond B		5 Year	£25	10.9%	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. # = Rate fixed until 1.10.92. ♣ = Rate fixed until 1.8.92. ♠ Rate fixed until 31.8.92.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808

Jugglers who balance the books, too

Tim Burt discovers how to profit from digital dexterity

THE company chairman was showing off. He strode into the workshop, picked up three of his best-selling products and started juggling.

Charlie Fairbairn, the 28-year-old co-founder of More Balls Than Most – Britain's leading supplier of juggling equipment – has a right to clown around. From start-up two years ago, his company has grown rapidly and now commands 55 per cent of the UK market in circus-related products.

It is difficult to imagine a successful enterprise operating from the company's cluttered headquarters. Housed in London's old Leather Exchange, the premises look as though a three-ring circus has just decamped, leaving its equipment behind.

Every surface is littered with brightly-coloured juggling balls: rows of unicycles hang from overhead racks; there are spinning plates, devil sticks, clubs and flaming torches by the caseload. A large sign suspended from the ceiling reads simply: "Are you ready?"

Fairbairn and his partner, Adam Gardner, think they *are* ready to expand and recently have signed distribution rights in Sweden, Norway, the US and Belgium. They decided to move into overseas markets following record sales in their 10 UK outlets and through franchised retailers including Harrods, where the juggling balls were the best-selling "adult game" last year.

The two jugglers, who set up the company in 1990 using a £15,000 NatWest overdraft and a loan from the London Enterprise Agency, claim the secret of their success lies in the feel-good factor. "We make the world's sexiest juggling ball – made from polymeric casing and filled with millet to create a softer, more tactile ball," says Gardner.

"It has an *oooh* factor which people find appealing," his partner adds.

Since its launch, More Balls Than Most has grown from a four-person outfit into an enterprise capable of producing 30,000 balls a week with 35 full-time staff and a further 30 casual workers who hand-sew the final stitching on every ball. Turnover this year is expected to exceed £1.5m and Fairbairn hopes to see a profit of £250,000 on sales of more than 750,000 balls.

From its humble beginnings on a market stall in London's trendy Covent Garden, the company is now looking at ways of using new technology to increase production. Already, engineering graduates at the South Bank Polytechnic have helped to boost output by designing a unique "ball-filling" machine – one of those hypnotic pieces of equipment which you can watch for hours. It uses suction to hold the balls in place while the correct amount of bird seed is pumped in.

Although most of the company's sales are to individuals who want to learn a new skill, Fairbairn sees corporate demand as the biggest growth market. A number of groups such as Virgin and Paramount International have ordered tailor-made juggling balls embossed with their logos. As an alternative corporate gift, they are said to be more popular than diaries or umbrellas.

The juggling theme also is used as a promotional gadget. One computer group, Peterborough Software, has balls carrying the slogan: "You're safe in our hands."

They come packaged in a box extolling Peterborough's virtues. The motto on the outside says: "A company that knows what the left hand and right hand are doing."

Fairbairn and Gardner show their skills with unicycle and juggling balls on London Bridge

The men behind More Balls than Most, both former computer salesmen, say juggling should not be dismissed as a pastime but recognised as an important antidote to executive stress.

Gardner and Fairbairn offer stress relief seminars to their corporate clients, involving a crash course in circus skills. Juggling transcends age and sex barriers and can ease desk-bound ailments such as repetitive strain injury, says Fairbairn, who adds that it is prescribed by some US doctors as an exercise to relieve arthritis.

The company hopes such uses will boost demand overseas. Exports represent only a small part of their business at present, but the imminent launch of a US mail order catalogue – to be delivered to 36m households – is expected to attract more orders.

The optimism, however, is tinged with concern at the tough attitude of lenders to small businesses. Export sales are desirable in order to ease the company's cash flow problems.

"The fact we're turning over large sums of money sometimes sounds alarm bells to banks," says Fairbairn. "If you are a company which is vulnerable and trying to grow, then the banks can be very difficult."

Like many other young companies with innovative products, the initial success has to be measured against its borrowing. More Balls Than Most pays 3 per cent over base for its overdraft of £40,000 and has a factoring of 2.75 per cent through Lombard NatWest.

Fairbairn refuses, however, to put finance at the top of his list of priorities. He talks of "a vision" rather than a business plan, and the balls come with a booklet entitled *A Short Course In Life Enhancement* rather than a guarantee.

"We're not just salesmen," he says. "We're teachers. Since we've been in business, more than 150,000 people have learned to juggle. That's success."

■ *More Balls Than Most, 14-15 The Leather Market, Weston Street, London SE1 3ER. Tel: 071-357-7707.*

Warships of the world keep an old salt afloat

Keith Wheatley meets a sailor who turned to publishing

LIFE comes through the letterbox when you are in the mail-order business. "We've got customers in the House of Lords and quite a few in prison. The latter always seem to pay cash, which endears them to me," says Mike Critchley, a former minesweeper captain who now skippers Maritime Books. It is the only specialist postal source for books on warships, especially the Royal Navy.

To the non-specialist eye, Critchley's list appears to have been written by Spike Milligan. Is there really a market for *Minesweepers of the Royal Canadian Navy 1938-45*? Or *Lloyd's Losses (WWII) Vol 2* at £75? The rising £250,000 annual turnover of Maritime Books suggests there is.

The key to the business is a database of 18,000 customers built up since Critchley's launch in 1979. He sends them regular mail-shots with special offers, and nearly a quarter pay a further £12 a year for *Warship World*, a newsletter run by Maritime Books and featuring its new lines.

"I stole the idea from Habitat years ago," Critchley admits. "I was furious that my wife had paid £1.50 for a catalogue which was largely their advertising. But it works."

Aged 46, with a light beard and a quick wit, he could have inherited Jack Hawkins' role on the bridge of any warship if the British film industry hadn't sunk. He left the RN in 1978 after a conventional and successful career. A year later, he surfaced as the harbourmaster at Looe, a small port in east Cornwall.

To help pass the time, he compiled a small, soft-back picture book called *British Warships and Auxiliaries 1979*. It was aimed at trippers, yachtsmen and small boys – anyone, in fact, who would not want to pay £50 for *Janes Fighting Ships*. "Of course, no one wanted to publish it, so vanity led me to do it myself," says Critchley. "We sold 18,000 copies at £1.20 which didn't seem too bad, so I left Looe and decided to go into books."

He still lives only 10 miles from Looe, just outside the small market town of Liskeard. The business is based in the grounds of his home where an extended small bungalow houses more than 100,000 volumes. Every title on offer is in stock and there is no middleman between customer and publisher.

"Most of them would take three weeks to get it to you. I don't know how they're still in business," snorts Critchley. "If the customer phones you with his Access or Visa number, he wants the book there in a couple of days – maximum."

For most booksellers, stock is a nightmare, with inventories worth many thousands of pounds tied up month after month on the shelves. Having no bank or other debt – a matter of policy since day one – Critchley says he has no clear idea what his stock is worth. "It's a conversation I have every year with my accountant. What's the value of eight tons of the 1990 edition of *Janes Fighting Ships*? Probably zero, if I give up or go out of business." Nevertheless, he says that in 13 years he has never had to dump a book, although some take longer to sell than others. He admits, though, that he makes many of his buying decisions by "seat of the pants instinct" rather than analysis.

At present, Maritime Books has 30 titles in print. Some have been hugely successful, but the naval sector is declining. Critchley finds great creative satisfaction in commissioning and creating a book but explains: "We're down to two or three a year now. We're getting enough offers to buy £20 books for 70p that it's so much easier to market those than have all the grief and heartache of publishing your own."

The high median price of these specialist titles means that the average spend is probably in excess of £30 a transaction, far more than the average high street bookshop. "The marketing is what it's all about," Critchley emphasises. "Once you've got a customer on the database, you can sell him something every six months."

The company has a full-time sales manager, Roger May, and two part-time workers helping with packing and despatch. Salaries (including Critchley's) total around £60,000 a year. "I'm sorry it's so imprecise but, if there's anything left, we buy more books," he says. Postage is the next biggest item, costing more than £15,000 a year.

Critchley's favourite customers are overseas, nearly a thousand of them. "They spend more because, if you're in Bulawayo, you can't exactly pop down to Dillons, can you?" One entire corner shelf of Maritime's office is stacked with books for which the Japanese owner has paid but does not want posted. He has been threatening for years to collect them; Critchley is itching to meet him.

His own foibles extend to "owning" a frigate and a submarine. As project director of the Warship Preservation Trust – comprising *HMS Plymouth* and the submarine *Onyx*, both lying at Birkenhead and open to the public – Critchley has found himself running his business from the motorway linking Merseyside with the West Country.

"Somehow," he reflects, "I've also bought a lightship." The intention originally was to house a retail outlet for Maritime Books in the former Trinity House vessel. "It's proved very difficult to find the right berth," Critchley explains.

There is only one cloud on view from the bridge of Maritime Books. "Our only real problem is that there were a hell of a lot of people went into the RN during the War and they're now dying off. That customer base is shrinking."

Besides which: "Peace is breaking out all over the world and warships are not a sexy subject. More people now serve in Boots the chemist than the Royal Navy."

Hard tale in Brontë country

Nick Garnett visits two beginners in the restaurant trade who have found the going tough but rewarding

WHEN the bank manager asked Muriel Jordan what things she would have done differently with her tiny business, she replied: "Everything."

Well, it is not quite true, but running her Brontë Birthplace restaurant has proved a chilling eye-opener. "It has been tough. Hundreds of people wouldn't have done it. If we'd had experience of running a restaurant, we might not have tried it, either."

Muriel was (and still is) a full-time nursing officer when she and her husband, Malcolm, decided to buy a single "lot" of derelict properties in the hilly village district of Thornton, a few miles from the centre of Bradford, West Yorkshire. It included two small, single-storey cottages, a larger house that was once Thornton parsonage and, nestling behind, a courtyard inhabited by a large, crumbling stone barn.

The original idea, four years ago, was a spot of property speculation. The whole lot cost £90,000 to buy. Both cottages were then converted and sold. The Jordans then decided to transform the old parsonage into a restaurant. This was opened a year ago.

The Brontë family lived at the parsonage for five years early in the 1800s and Charlotte, Emily, Anne and Branwell all were born there. It is, therefore, a structure with historic pulling power and for which the former kitchen and front parlour provide extremely pretty and interesting eating rooms.

The third phase of the project is the conversion of the barn, for which planning permission has been obtained for a house. An application to convert it to a six-bedroom guest house is in the pipeline.

Developing this cluster of buildings probably is giving the Jordans some long-term capital growth. But it is not generating income. So far, in fact, the project is being kept alive partly through tapping into Muriel's salary and Malcolm's income as a joiner.

Selling the two cottages for about £45,000 each failed to cover renovation costs. The buildings were in a more gruesome condition than the Jordans thought.

"Apart from that, the actual costs charged by the builders exceeded their quotations by 25 per cent," Muriel says.

Muriel Jordan: eyes opened to business realities

On one occasion, a builder who, at the request of the Jordans, mounted a second inspection of the roof of one building, withdrew his quotation and submitted another one three times higher.

The Jordans will not proceed with the barn conversion until the restaurant starts making a profit. At the moment, it does not. It deserves to, though, in an area not over-burdened with recommendable eating places. A three-course Sunday lunch, including dishes such as home-made paté, chicken in pastry and bread-and-butter pudding, costs a fixed £8.

"It does not sound much but that's all the area will probably stand on prices," says Muriel.

A more expensive week-day à la carte menu incorporates braised ox-tail in Yorkshire Bitter with dumplings, roast duck in home-made plum confit, and rabbit pie with cider sauce.

The wine list is long and the bar cosy. Staff don Victorian clothing and Good Old Days once a month form part of a range of special evenings. Customers can visit the room the Brontës used as a nursery and a collection of Victorian shoes is being added.

In spite of all this, the restaurant is not making money. It can cater for 40 at once with a break-even at 25 per cent full but it is failing to achieve that. "The accountant told us not to expect to make money in the first two years."

The Jordans are learning some tough lessons about catering. They possessed no experience of this kind of business. Because they are locked into other permanent jobs, problems of staffing and cost control are even more difficult than they would be normally.

One restaurant manager lasted just three weeks and Muriel then decided to do without one, saving the £12,000 salary. She thinks this was a mistake. "What I could probably do with now is a younger, go-getting manager who can help with marketing and look for business."

Retaining chefs has also proved difficult. The restaurant usually employs a head chef and a commis chef but is now seeking a new head chef. The last one departed to set up his own restaurant. "We've been advertising for two months. An advert in the *Yorkshire Post* brought just three replies."

This underlines the crucial issue of location which probably cramps the Brontë Birthplace's ability to attract professional staff. The restaurant is 10 miles from Haworth, the centre of the Brontë tourist trade. Tourists come to Thornton but hardly in droves. The restaurant's mid-week trade is largely made up of businessmen but Bradford, like so many industrial cities, no longer possesses the depth of industry it did. "We have had a dilemma about whether we principally cater for tourists or for locals, says Muriel."

The venture was funded initially by selling two houses the Jordans owned (they now live in the same building as the restaurant) and by a bank loan. The loan has been reduced – but would still be large enough to cover the cost of a detached house in the Yorkshire city.

On the other hand, the Jordans say the restaurant building is valued at £150,000 and the venture is giving them some enjoyment. "One of the nicest things is that you are responsible for people enjoying themselves. You feel responsible if something goes wrong, but you get pleasure when it goes right."

■ *The Bronte Birthplace Restaurant, 74 Market Street, Thornton, Bradford, West Yorkshire. Tel: 0274-830-515.*

The archer who will ignite the world

***Peter Berlin** previews the next fortnight's prospects for athletes, television networks and couch potatoes*

THIS EVENING, an archer will fire a flaming arrow in the air which will come to earth who knows where. On its flight, it will ignite the Olympic flame. The flame is a symbol of the Olympic ideal, a signal that competition may start and that for 16 days the city of Barcelona has become the modern Olympia. Unfortunately, the symbolic and the real are some way apart. The great mishmash of sports that is the Olympic Games is beyond the scope of even a city as cosmopolitan and spendthrift as Barcelona. The Games have burst past the girdle of mountains that belts the city and spilled beyond the Games' 16-day fortnight.

Competition started yesterday with four soccer games, including one 360km away in Valencia, and a burst of Basque pelota. Tomorrow afternoon the Dream Team, a gang of towering American millionaires, will sweep down from their luxury rented villas and slam-dunk a basketball through the five hoops of the Olympic ideal.

The basketball stars' experience of the Games will be in sharp contrast to that of the true amateurs of the modern Olympics: the fans. Many spectators will be taking time off and paying their own expenses to be there. For them, the next 16 days will be a serious strain on energy, cash and the host city's organising ability.

There is no substitute for being here in person – for sitting in the stadium as the US team races to a world 400 metres relay record; as the Dream Team peaks in the basketball final; as the world's best young soccer players battle for gold; as the men's hockey tournament reaches its climax . . . except that you cannot, because all these events are crammed together on the evening of the orgiastic final Saturday and spread around the four corners of Barcelona.

But then, no one should expect the Olympics to make sense from a sporting point of view. Nor should spectators expect things to be easy. The Games are no longer run for the benefit of spectators or athletes, but for the TV companies. This is no bad thing: After all, the broadcasters are trying to serve billions of fans around the world.

The biggest team here is not entered in the Games. It is made up of 1,300 employees of NBC (versus 925 for the entire US team), which is involved in the altogether rougher, more serious competition for audience share in the US. Thanks to the efforts of TV companies and the miracles of tape delay, video recorders, cable, satellite and remote control channel changers, couch potatoes around the world can see the finals of the 4x400m *and* the basketball *and* the hockey *and* the soccer should they want to.

For dedicated sofa slugs, the Olympics represent a test of stamina and flexibility. The important thing is to pace yourself. In this respect, the TV companies and the Olympic schedulers have co-operated to create a viewer-friendly timetable. On many days, there is enough sport for 72, sometimes 96, hours of non-stop live action. But unless their own country is about to win a medal, the broadcasters will simply ignore many sports – particularly non-telegenic events such as archery, shooting and fencing.

For sports which *do* interest the broadcasters, timetables have been tailored to deliver the biggest audiences. The action is conveniently concentrated in the evenings – to suit European and North American viewers – and during the Olympic fortnight's three weekends.

In the basketball tournament, the US team will play the bulk of its games at 8.30pm or 10.30pm local time, while the final is scheduled for 10pm on the last Saturday – prime time in the US. The two biggest medal sports, athletics (43 golds) and swimming (31) helpfully get all the qualifying nonsense out of the way in the early mornings and save their finals for the evenings.

So far as broadcasters are concerned, swimming is the only game in town during the first week. In the periods between Olympic Games, few broadcasters would

From Monday, the *Financial Times* will run daily coverage of the Barcelona Olympics from our three-man team: Nicholas Woodsworth, Peter Berlin, Keith Wheatley – plus a summary of news and main results.

dream of transmitting swimming in prime time, but the Olympics lend it status. Its central place at the Games is consecrated by tradition. Swimming was in the first modern Games in Athens in 1896. Swimming will award one in every eight gold medals in Barcelona.

While swimming is dull – swimmers race in straight lines at steady speeds, so it is generally clear after 200m who will win the 1,500m freestyle – it is also easily intelligible compared with wrestling. Viewers do not need to understand the nuances of the tumble turn to understand who is leading.

As a matter of fact, the winner's rostrum at pool-side will provide an early answer to one of the most intriguing questions at Barcelona. In Seoul four years ago, the East German women won 10 of the 15 swimming events, seven in world or Olympic record times. They collected 22 medals in all, and now join forces with the West Germans (who won a silver in Seoul). But only two members of that all-conquering team even reached the finals in the world championships in Perth last year, and the unified German squad failed to win a single women's gold.

If this happens again, and if the women's races also are slower than in 1988, it could be a sign that socialism really does produce better athletes. Or it could be a sign (the IOC hopes, piously) that everyone is taking fewer drugs. Socialism is the more likely bet. In this alone, the IOC and the TV companies are at odds. The latter hope there will be loads of world records to fuss over; the IOC hopes there are none.

The swimming winds up with its usual spray of relays next Friday night, leaving the airwaves free for the other aquatic sports and for the one sport guaranteed to draw women viewers: gymnastics.

The most glamorous TV event, athletics, starts quietly next Friday, too, with the finals of the 20km walk and the shot put. The first significant finals are the next day; the 100m sprints and the women's marathon, which feature in Saturday's prime time. This irritates the marathoners, who would rather start in the traditional cool of early morning rather than in hot late afternoon.

After that, apart from the rest day on August 4, athletics keeps the pot boiling with a steady stream of finals. Meanwhile, sports which know their place, such as archery, kayaking and table tennis, sort out their medals quietly at unobtrusive times, and the majority of the team ball games (except baseball) as well as two viewer favourites, boxing and tennis, also build toward their climaxes on that frenzied final weekend.

After the 29-medal blitz of the final Saturday, armchair athletes can make a gentle start to the last Sunday. They can see six boxing finals in the morning, watch the male marathoners tormented by the heat and the killer hill – and then

tune-in to the closing ceremony and the dousing of the flame lit by the Spanish William Tell 16 days previously. By then, the Atlanta organising committee will be at work on plans to offer viewers an even more exhausting spectacle in four years' time. Given inflation, I doubt that Atlanta will bother with a bow and arrow. Perhaps it will use an intergalactic laser to make its opening ceremony go with a bang.

Samaranch's triumph/**Keith Wheatley**

Power and the glory – but can it continue?

WHAT a homecoming the Barcelona Olympics represents for Juan Antonio Samaranch. The years of self-imposed exile surely will slip away as the Spanish president of the International Olympic Committee (IOC) enters the stadium this afternoon wreathed in glory. Undoubtedly, these Games are a triumph for him: no political boycotts, no cash worries, and all staged in his home town.

Samaranch, 72, concedes that the death of Franco, the long-time Spanish dictator, in 1975 left him with little future there. Already in late middle-age, Samaranch was associated too closely with the regime to hope that his public life as a diplomat could continue. But his time at the helm of the Lausanne-based IOC has been a brilliant renaissance for this frugal, driven individual.

Yet Barcelona could turn out to be a briefly-shining hour. Samaranch will be at the heart of the fiercest politicking in town during the fortnight of the Games. He will have served 12 years as president when his present term ends next year. Will he stand again?

Until he announces his decision, his potential heirs will be lobbying and vote-gathering in the corridors of the Princessa Sofia hotel. In this, they will be as fiercely competitive as the athletes down on the track.

Students of the IOC constitution – and no organisation loves its protocol and conventions more – are quick to tell you that "His Excellency" is entitled to stand again. Loyally, they add that he probably would not be challenged should he do so. Among rank-and-file IOC members, merely abstaining from voting on a motion approved by Samaranch is regarded as spine-tinglingly rebellious.

Nevertheless, should the king of world sport die – or just fade away – there must be a successor, and key candidates are already jostling for position. Their names will be unknown to most sport fans, but one of them will become the new leader of the "Olympic family," a nation-state without a country, the secular equivalent of the Vatican.

Within the IOC, everyone's favourite for the race is Canadian lawyer Dick Pound. He has been Samaranch's able lieutenant for a decade, acting willingly as a stormtrooper where the president's role dictates a need for public caution. Pound has played the blunt Anglo-Saxon to his boss's silver-tongued Latin.

Aged only 50, the tall, granite-featured Pound has become the second most powerful man within the IOC by virtue of heading the financial negotiations with the world's TV networks for Olympic rights. That the IOC grossed $1.9bn between 1989 and 1992 is due largely to Pound's commercial acuity.

He also works as a lawyer for Adidas and is at the heart of the complex commercial relationships that link the IOC to its commercial agent, ISL, created by the late Horst Dassler. Pound is exceptionally close to Samaranch.

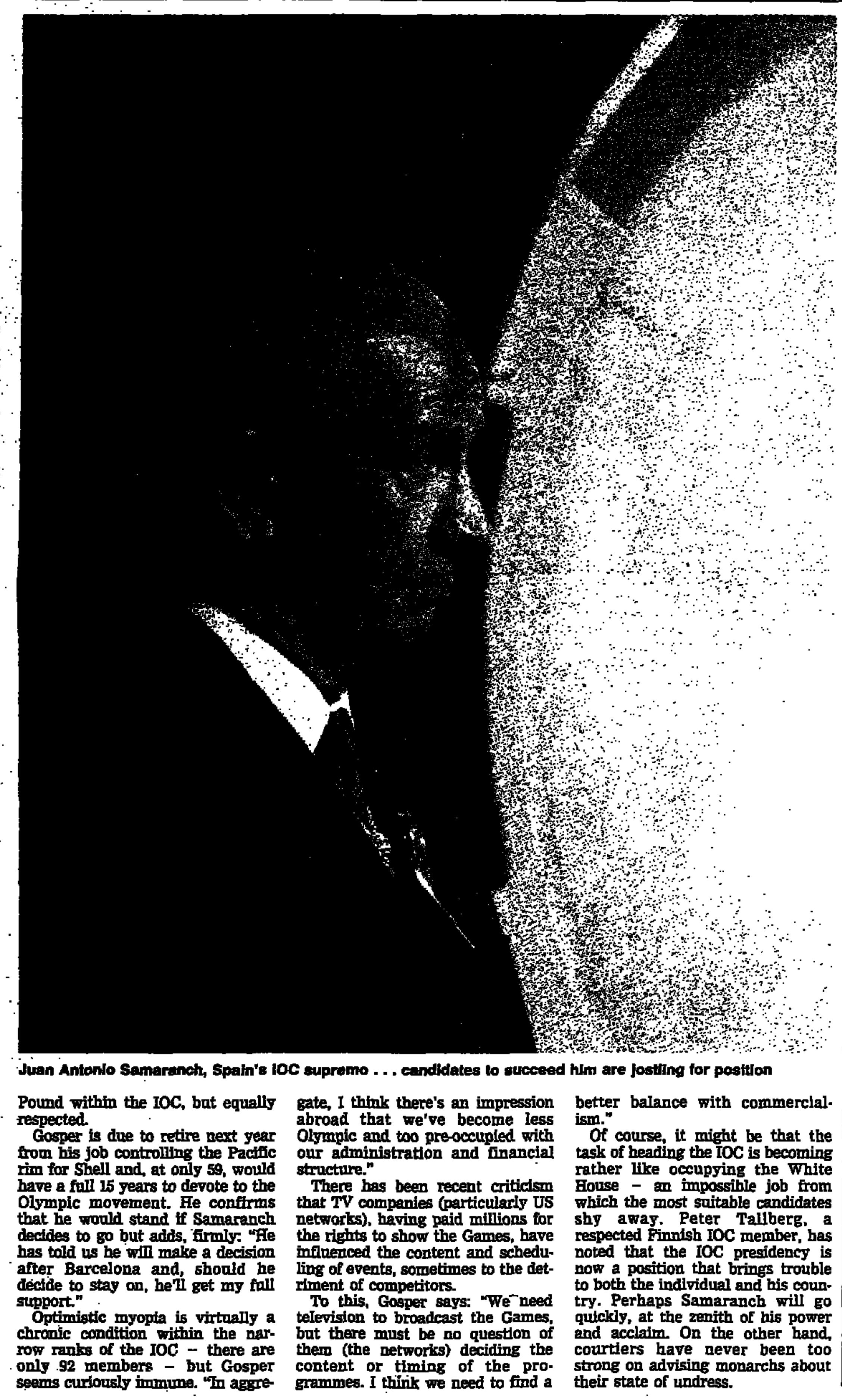
As happened to Samaranch during his diplomatic career, though, Pound could find himself associated too closely with the *ancien regime*. Commentators – including the authors of a controversial recent book, *Lords of the Rings*, who took a highly-critical view of Samaranch and the Olympic movement – have begun to view its overt commercialism with pragmatic rather than philosophical distaste.

Unlike a government or corporation, there is little in the way of checks or balances to counteract the IOC's sweeping powers. Few within the organisation seem to believe there can be too much Olympic money, or even that it could be misdirected.

Outside, the perspective is different. Samaranch misjudged badly the world's view of his fiefdom when he attempted to shield and defend Robert Helmick, a lawyer caught lining his pockets in his capacity as a US member of the IOC.

Those who found their loyalties jolted by the sophistries that emerged from Lausanne at that time may turn to a somewhat different sort of candidate for president. Pound is, after all, a younger member of the old guard rather than a new broom.

Kevan Gosper, an Australian member of the IOC for nearly 20 years and a senior executive with Shell, based in London, is another leading contender. A silver-medal runner at the 1956 Melbourne Olympics, he is more independent than Pound within the IOC, but equally respected.



Juan Antonio Samaranch, Spain's IOC supremo . . . candidates to succeed him are jostling for position

Gosper is due to retire next year from his job controlling the Pacific rim for Shell and, at only 59, would have a full 15 years to devote to the Olympic movement. He confirms that he would stand if Samaranch decides to go but adds, firmly: "He has told us he will make a decision after Barcelona and, should he decide to stay on, he'll get my full support."

Optimistic myopia is virtually a chronic condition within the narrow ranks of the IOC – there are only 92 members – but Gosper seems curiously immune. "In aggregate, I think there's an impression abroad that we've become less Olympic and too pre-occupied with our administration and financial structure."

There has been recent criticism that TV companies (particularly US networks), having paid millions for the rights to show the Games, have influenced the content and scheduling of events, sometimes to the detriment of competitors.

To this, Gosper says: "We need television to broadcast the Games, but there must be no question of them (the networks) deciding the content or timing of the programmes. I think we need to find a better balance with commercialism."

Of course, it might be that the task of heading the IOC is becoming rather like occupying the White House – an impossible job from which the most suitable candidates shy away. Peter Tallberg, a respected Finnish IOC member, has noted that the IOC presidency is now a position that brings trouble to both the individual and his country. Perhaps Samaranch will go quickly, at the zenith of his power and acclaim. On the other hand, courtiers have never been too strong on advising monarchs about their state of undress.

Rowing

Fanatical Brit eyes hat-trick

ROWING is said by physiologists to be the most demanding of sports. It makes demands on heart, lungs and muscles that are at the limits of human physical capacity. A member of the House of Lords once described it as something that "the French reserved for convicts and the Romans for their slaves."

These factors make the 1992 record of Steve Redgrave, Olympic gold medallist in 1984 and 1988, quite remarkable. Redgrave and his partner, Mathew Pinsent, were achieving world standards even if they were not winning regattas. Then, last month, a team doctor suggested Redgrave have a check-up following weight loss during a winter illness. Specialists diagnosed colitis, sparked by salmonella contracted while training in South Africa.

Redgrave was enormously relieved, having nursed secret fears about his own health for some months. But it was as an athlete that he reacted most strongly. "We're right up with the fastest crews at way below 100 per cent fitness. Just think what we'll be able to do at Barcelona when I'm fit," he said as he headed off for treatment with diet and drugs.

At the Olympic rowing course in Banyoles, 130km from Barcelona, Redgrave will be attempting to win his third consecutive gold medal, a feat achieved only five times before in the sport. One of those greats was "Diamond John" Kelly, father of the late Princess Grace of Monaco. Pinsent, 21, will be at his first Olympics, having not even taken up rowing when Redgrave won his first medal at Los Angeles.

Those who attach importance to the well-preserved ruins of the English class system might be amused by the Redgrave-Pinsent partnership in the coxless pairs. Redgrave, son of a builder, left comprehensive school at 16 to pursue full-time sport. Pinsent, son of a Hampshire clergyman, won a double Blue at Oxford after an outstanding school career at Eton. He has twice rowed in winning Boat Race crews.

This combination was unbeaten in the 1991 season. They twice defeated the previous world champions, from Germany, and won at Lucerne by a nine-second margin. At the world championships in Vienna, Redgrave-Pinsent stormed home to a further gold medal.

Pinsent, who rows stroke, lists his recreations as "golf and testing Steve on time zones and gold medal-winners." The latter is a good-humoured dig at the degree of Redgrave's obsessiveness. Before the Tasmanian championships in 1990, the pair had been training in Canada. Hoping to avoid the body-clock problems of too many time changes, Redgrave decreed that they would row their Henley training sessions at night.

Keeping up with Redgrave, physically and emotionally, is undoubtedly a problem for his partners. He denies being obsessive about rowing, but relatively few other people in a still-amateur sport train seven days a week for 49 weeks of the year. Andy Holmes, with whom he won gold in 1988, chose not to face four more years. Interim partner Simon Berrisford was sidelined by injury in 1990.

It was that accident that led team managers to insert the available Pinsent into the empty seat. Coincidentally, the arrival of new coach Jurgen Grobler from the former East Germany also helped to re-energise Redgrave, who had been dabbling the previous winter with bobsleighing and stood on the verge of the national team.

Grobler's biggest single contribution in the early days was to suggest that Pinsent rowed stroke. It was an audacious move, considering Redgrave's seniority in the team. But it worked, and Redgrave-Pinsent regained the gold medal at the following year's world championship.

Redgrave really is a man for all oars. He won his first Olympic gold in the coxed four. But he regards his most satisfying achievement as the Commonwealth gold in the single sculls at the 1986 games. Only because he was achieving such success in the pairs did Redgrave fail to pursue his lonely excellence.

It is an open secret inside sport that the administration of British rowing has been a dog's breakfast for the past decade. One of the few sports at which the country excels on the world stage has been virtually unable to find major sponsors; and atheletes such as Redgrave, without question the world's finest individual rower, earn a frugal living as sports consultants.

Had Redgrave turned his commitment and physical skills to tennis, he could even now be ranked, say, 115th in the world and earning more than $100,000 a year for playing in a dozen tournaments.

Tough life for the wet bobs.

K.W.

Who gets what from the great carve-up

***Gary Mead** examines how sponsorship has changed dramatically the way the modern Games are funded*

British javelin thrower Steve Backley drives a SEAT Toledo 1.8 16V GTI as one of his rewards for Olympic prominence. SEAT is one of the sponsors of the British team

TODAY, the world will switch on its television sets to watch the start of the biggest marketing event ever. By and large, viewers will be unaware of the commercial overtones of the Olympics. What they want to see are sporting glories.

But they will be part of a commercial event that has generated $1.9bn worth of international sponsorship and television licencing deals involving just one important brand logo: the five interlocked rings of the Olympic Games. The NBC television network alone has paid $401m for exclusive rights to broadcast the Games in the US.

Some members of the International Olympic Committee (IOC) are sensitive to criticism that the Games are being undermined by sponsorship deals, drug abuse, and the professional status of many athletes. But those criticisms ignore history, according to Michael Payne, the IOC's marketing director.

He says the modern-day role played by big business in the Olympics is not new and points out: "There has always been commercial involvement, at times far more excessive than now. There used to be in-stadium advertising in 1928 (now forbidden by the IOC). In Montreal (the 1976 summer Olympics), there were 620 sponsors and suppliers. The Olympic rings were on everything, including such inappropriate products as ladies' underwear and bananas, with no control."

What has happened since the financially disastrous Montreal Games is that the IOC has come gradually to see the commercial value of the Olympics. It has sold sponsorship and broadcasting rights in order to make profits to plough back into international sport – and into itself.

The first thorough-going attempt to make money from the Games for the IOC and its affiliated national members came with the 1988 summer Olympics in Seoul, South Korea. In Seoul, though, the IOC was only beginning to discover the extent to which multinational companies were prepared to pay fortunes simply for the right to use the five-ringed logo. Thus, Barcelona 1992 is held to be the first really determined example of a highly-organised and centrally-planned commercial exploitation of the Olympics.

The central sponsorship deal for this year's winter and summer Games is called The Olympic Programme, or TOP. Each TOP programme runs for four years. In the present one, now ending, the IOC has attracted $175m (part of the $1.9bn overall figure) from the 12 TOP sponsors. They are Visa International, Coca-Cola, Mars, 3m, *Time* and its sister publication *Sports Illustrated*, Bausch and Lomb, Ricoh, Matsushita, Brother, Eastman Kodak, the US Postal Service, and Philips International.

Their contracts with the IOC forbid them revealing how much they paid individually but Payne says the individual entry fee for the next TOP programme – which will cover the Lillehammer winter Games next year and the Atlanta summer Games in 1996 – is $40m. The European TV rights for Atlanta have just been sold to the European Broadcast Union for $250m, against $90m for Barcelona.

Visa, the present lead sponsor, is thought to have paid about $20m and the others about $14m each, either in cash or services and back-up technology. Like all other TOP sponsors, Bausch and Lomb is using its Olympic connections for other marketing purposes. It calculates that its TOP contribution is "probably doubled or near tripled" when other planned promotional programmes, which are given an Olympic twist this year, are taken into account.

Even those not sponsoring the Games directly through TOP regard the event as a crucial TV advertising vehicle. According to the US trade magazine *Adweek*, General Motors has bought $40m worth of television advertising time in the US over the next fortnight, effectively blocking out some of its main competitors. *Adweek* calculated that Honda and Isuzu were each buying $10m worth of prime-time TV minutes, with BMW and Volkswagen spending $4m each.

Sponsorship ensures that the Barcelona Games are unlikely to make a loss. Perhaps the only sensitive topic left is the slicing-up of the cake. Of the $1.9bn for the present TOP period, 75 per cent goes to the local organising committees in Albertville and Barcelona, as well as to the IOC itself.

The remainder goes to the national organising committees. Of the 170-odd countries competing in Barcelona, 40 will take the lion's share since they are deemed to have the largest markets. The Olympic committees of the smaller nations – arguably, those with the greatest need for cash – will get about $15,000 plus $400 per athlete sent to Barcelona.

TRAVEL

Burgundy: only the real thing will do

*Film critic **Nigel Andrews**, motoring aimlessly around French country lanes, finds more delights than in all the guidebooks*

Scattered widely around a line between Auxerre and Beaune, the area's castles testify to the ivy-threatened ephemerality of power

THE SMALL silver-grey object hurtling through Burgundy once a year to or from the Cannes film festival is a Honda Ballade. It belongs to this writer, who, when let out of a cinema, is known to attach himself recklessly to a steering wheel.

He is also known to be astounded on discovering a real world out there beyond the movie screen: real people, real trees and, above all, in Burgundy, real castles and cows.

Although the Côte d'Or is, strictly speaking, a smallish region to the north of Nuits St George, it should be stretched to take in all those buttercup-covered, cattle-thronged, history-haunted fields to the west – and north-west and south-west – of Dijon.

Here is the most beautiful part of France. You may keep the Dordogne and the villages of Provence. Keep, too, the Loire valley, with its hordes of tourists.This region of Burgundy is what the world was truly like when it resembled a medieval illuminated manuscript.

Consider first all those entrancing motorway signs. Not "Beaune 52, Lyon 216" but those chestnut-and-white tourist information signs saying, sometimes with illustration, "Vezelay, colline eternelle," or "Paysage Avallonais," or "Oiseaux migrateurs," or "Buses, rapaces, utiles." This last refers not to local transport facilities but to the heraldic-looking buzzards that wheel rapaciously overhead.

Above all, there are cows and castles. The cows are white, the castles grey to pinkish-brown. The cows are more beautiful than any others in Europe, large dozy sirens with long eyelashes, quizzical muzzles and gleaming alabaster hides. Their fastidious choice of a standing or recumbent position is known to predict the weather better than any other of their kind east of Dover.

And the castles, unlike the set-syllabus ones on the Loire, are charmingly battered grandees with missing towers or sinking keeps. They seem to be growing back into the landscape, repossessed by Nature. Once they were watering holes for the famed Ducs de Bourgogne, a dynastic foursome that saw Burgundy to the height of its power between 1364 and 1477. Now, scattered widely around a line between Auxerre and Beaune, the castles testify to the ivy-threatened ephemerality of power.

Rather than list them all, let me try you out on the poetry of their names – Ancy-Le-Franc, Le Chastenay, Couches, Châteauneuf-en-Auxois – and home in on two favourites. Bussy-Rabutin, near Flavigny, north-west of Dijon, is a dinky-toy version of Chantilly. Four cream-coloured towers surround an originally medieval house, the façade of which was revamped in the 17th century by Roger de Rabutin.

Roger, a colourful fellow, was exiled there by Louis XIV after contributing some scurrilous lyrics about the king's love life to an orgy that he, Roger, attended. Once so sequestered, Roger wrote the salacious *Amorous History of the Gauls*, available from the château bookshop, and had the walls painted with allegorical tableaux.

Many of these were also salacious, but they were so deeply encoded in symbols that few today can understand them, least of all a British film critic trying to follow the fast French of a lady tour-guide. At least we can wonder at their surreal oddity – here an exploding haystack, there a giant onion sitting in a road, here a female nude, there a flailing red-eyed monster of no known sex.

My other favourite among Burgundian châteaux is Commarin, north of Beaune. Lost somewhere in time and an overgrown French village, it could be auditioning as a location for *Le Grand Meaulnes*. "Through two 18th century gates one penetrates into the Court of Honour" (I translate from Henriette de Ganay's useful *Les Routes des de Ducs de Bourgogne*, price FFr18). The castle, never sold, has been lived in by the same family since the 14th century. And the 16th century tapestries are dazzling: flaming globes, mermaids, lions in every known heraldic position, and scrolls with teasingly obscure legends (*Tant le desir; Aigre et doucé*).

There is another modest centre of magic in Burgundy and one that nourishes both cows and castle-dwellers – the source of the Seine. Tucked away near the village of St Germain, this little-signposted enclosure of tree and field and water belongs to the city of Paris. Paris is possessive about its noble river, howsoever humbly it gushes forth from beneath a nude stone Nereid presiding over a fake grotto in this undersung tourist site.

In truth, there are several other sources if you go walkabout in the region. But this was deemed the principal one by Napoleon III who erected a plaque to the grotto's left. In the harsh sunlight one can barely read the incised legend, so why not turn to the more helpful English-language guidebook. "Water courses uncompromising out cavern," it says, "beginning its mighty arch through a land of forest to the grand burg."

The grandest burg around here is Dijon, closely followed by Beaune. This brings us to the subject of cooking. I have tried to put a tactful distance between my last mention of Burgundian cows and my next topic, which is *boeuf à la Bourguignonne*. As made in Burgundy, it is an indelible experience.

Using good meat marinaded for about six years, the dish sends flavours rocketing around your mouth. Wine, onion, mustard, bacon, garlic, herbs – a hint of orange – and all this swilled down with a good bottle of St Emilion.

If you cannot bring yourself to eat the beautiful white cow of the Côte d'Or, the other Burgundy special is *jambon braise à la crème* – succulent slices of ham covered with a brandy and cream sauce and garnished with . . . but that is enough. I am sitting in a London flat and Burgundy is too far away.

There are few, if any, bad restaurants in this region. But my happiest eating experiences have been in a little town called Arnay-Le-Duc, where Chez Camille gets rosetted by Michelin and other cheaper dining-rooms are barely less good. As for accommodation, its proximity to the motorway and its modest prices make the Val Vert at Pouilly-en-Auxois a good bargain (beware of the ants in Room 21). Dijon and Beaune are full of good middle-price hostelries, many taken over by the voracious Mercure and Altea chains.

There is one more thing worth saying about Burgundy. You should not go simply to the places you are told to go to. Motoring aimlessly around country lanes, one finds more delights than in all the guidebooks. At Clomot, near Pouilly, there is a gorgeous view of a private château with a long lilac-topped wall and a white horse grazing in a stream below. At Pouilly itself there is a magically overgrown railway station, last in active service when Claude Lelouch directed Jean-Louis Trintignant in some French film whose shooting I stumbled on six years ago.

And at almost every turning in every road there is a view of lush green hillsides studded with whiter-than-white cows. The sight makes one swear off beef for life. Or at least until dinner-time, whichever comes sooner.

New varieties are still the spice of life

Arthur Hellyer admires three trial sweet peas from Unwins Seeds

Sweet pea Diana: another variety from Unwins

A VISIT to the sweet pea trials of Unwins Seeds, in Cambridgeshire, Britain's biggest producer of new sweet peas, revealed much about this little-publicised side of the flower seed industry. The trials comprised nearly 400 seedlings, but only three were selected as new varieties for next year's market.

There are two types of sweet pea which are popular with the public and produced for sale on a large scale. They are the Spencer type, which has four blooms per stem, and the Multiflora, or Galaxy, type which has more.

Since it is almost impossible to get more than four flowers fully open and fresh at the same time — and faded flowers, or unopened buds, are unacceptable to those who exhibit sweet peas — the Spencer type is favoured for show purposes. By contrast, Multiflora is popular with those who grow sweet peas in the garden, or as cut flowers for the home. It makes a fine show, unopened buds look attractive and faded flowers can be cut off.

Breeders are always looking for changes, such as in flower character or colour, as happened nearly 90 years ago when the first Spencer sweet peas, with their attractively-frilled petals, appeared among the old unruffled Grandiflora type, which is still grown but not on a large scale.

Such large mutations are rare and, for the most part, only minor differences in flower size, shape and colour are being obtained. For example, I saw sweet peas with slightly hooded petals which gave the flowers a deeper look and would certainly be worth following up. But this form is not yet ready. The three newcomers which have been chosen for next year, and will be on sale in a few weeks, are Her Majesty and Daphne, both Spencer-type sweet peas, and Columbus, a Multiflora.

Her Majesty is ruby-rose, a striking colour which I like very much and imagine will be immediately popular. Daphne is officially described as lavender, although that suggests to me a cooler tone than that of this very beautiful flower. Columbus is a very light blue with cream undertone, certainly unusual and highly regarded by the Unwin specialists but not a colour greatly to my liking. All three are sweetly scented — anyone who doubts the perfume of the modern sweet pea should have been with me that mild, rather humid morning when the air was full of sweetness.

A peculiarity of the sweet pea flower is that it is normally self-fertilising. If one wants to make a cross between two different varieties, one must do it by hand, first removing the anthers before they have ripe pollen from the flowers that are to produce the seed, then transferring ripe pollen from the other chosen parent to the ripe stigmas of the emasculated flowers.

In their first generation, these hybrids may appear even in character, as many F1 hybrids do, but in subsequent generations the characters of the two parents will segregate, giving much wider variation from which to select.

The difficulty then is to re-create two breeding varieties of any particular seedlings which may seem desirable. Sometimes, the professionals pass this kind of work on to amateurs, who can have fun for a few years before selling them back to the professionals.

For trial purposes, Unwins sow their sweet peas about October 10, ten seeds in each five-inch pot, in John Innes No 2 soil-based compost. The seedlings are over-wintered in frames and are planted outdoors at the end of March where they are to flower. The seedlings are allowed to grow naturally without removal of side-shoots and are widely spaced against wire-netting supports. They are at their peak flowering by late June and are setting seed by July.

Unwins has an arrangement with a relative living in New Zealand which makes it possible to get a first seed crop by early the following year and so hasten the process of getting the new varieties to market.

It is also possible to grow sweet peas from seed sown in February or March in a temperature of from 10°C to 20°C, the higher temperature to be preferred. These seedlings can be planted out in April or early May for summer flowering. Seed can also be sown in the open ground in April but with rather more risk of losses in germination.

Some varieties, especially among the blue and maroon colours, produce a proportion of seeds with extra hard coats which absorb water with difficulty and so may be slow to germinate. The traditional remedy for this is to chip hard seeds with a penknife, taking care to do this on the side of the seed away from the eye or germ. A quicker and safer way is to rub the seed (again on the smooth side) on sandpaper to scarify the hard coat.

In contrast to this problem, some seeds, especially among the orange and cream shades, are soft-coated. Sometimes the seed coats actually split, making them unattractive in appearance. These soft seeds are more sensitive than normal seeds to cold or wet and need a little extra care, such as choosing a porous seed compost and maintaining a genial temperature.

Plant of the week

Penstemon Schoenholzeri

THIS IS one of the best bright, red hybrid penstemons. It also appears in nursery catalogues as firebird and ruby — attempts to give it a more acceptable name for the English-speaking market — but Schoenholzeri is correct. It is an evergreen perennial which may be damaged by cold in winter. Indeed, it can even be killed — for which reason it is wise to root cuttings in August or September and over-winter them in a light but frost-proof place before planting outdoors in spring.

It grows about 3 ft high and has slender spikes of tubular flowers which are produced successfully most of the summer, making it very useful both for borders and for use as a bedding plant. It thrives in all fertile soils and sunny places................ *AH*

Time for a flirt among the petals

Robin Lane Fox is keen to improve the stamina of his roses

THE first rose season has ended in a mass of sodden petals: after this week's storms, what are the prospects for a second? Poor roses, we expect so much of them. We want scent, colour, resistance to weather and flowers in at least two seasons.

Second seasons are vastly better if you and I take trouble over them. We have to prune, feed, water and do our own research. This weekend, we should start by deadheading any rose which might flower for a second time. Deadheading is a most therapeutic job, especially before breakfast or in the half light of a warm evening.

Like any therapy, it needs to be done properly: it involves a small degree of pruning. Do not cut off only the heads and leave bits of stem which wastes energy before they die back to the nearest pair of leaves. Cut them back to healthy leaves immediately and throw them away.

If possible, feed any second-season roses with diluted Phostrogen, sprayed all over the leaves. Repeat this feeding every 10 days or so: specific rose feeds might be even better, but I use Phostrogen because it suits every other plant in the garden and is effective but vastly cheaper.

All the care in the world will not make a once-flowering rose flower twice. Breeders have concentrated on the double season, except among ramblers. Many of their modern varieties will flower twice, but many of us wish they did not even flower once.

Older roses have more flowers, better colours and better scent. The choice of long-flowering varieties is much more skilled. If you want an old rose which flowers almost continuously, you should choose a pink China Rose and learn to live with its slightly harsh colour. Alternatively, you can convince yourself that you are one of the many gardeners who likes small roses of purple fuschia-red. Here, one old-fashioned variety has a strong scent and an admirable record for flowering twice.

It is called Rose de Rescht and will suit any small garden because it can be kept to a height and width of 3ft. As it grows over, its potency fades. It needs to be pruned hard each year if it is to perform twice from middle age onwards. I have heard it said that a pot pourri of this rose's petals will do similar wonders for the stamina of older owners, but I leave you to find out.

Neither of these two easy roses ranks high on my list for colour. I much prefer pale pinks, stripes and crimsons: here I continue to learn, helped by the book of a great rose-grower, Peter Beales' *Classic Roses*. The original 1985 version has now been merged into a bigger dictionary called simply *Roses* and costs £35.

Peter Beales distinguishes repeat-flowering roses (marked R) from continuous flowerers (marked C). He would be the first to admit that repetition and continuity depend on the season, soil and owner. Ever-suspicious, I have been fishing round his C's, hoping at least for an element of R. Sometimes, I have ended up with my own rating, BABS: it stands for, well, Bloody Awful Black Spot. Sometimes, I have had only one flowering, but there are some near-C's too and if they are C with me on a stony Cotswold soil, they will C like mad for Essex girls on rose-rich clay.

Among climbers, the choice is pretty obvious. The most continuous is Kathleen Harrop, the pale pink sport from the stronger rose-pink thornless Zephirin Drouhin. On my soil, Kathleen scores high marks for BABS too, but she certainly flowers for months and is easy to train on to wire or into a low hedge because she has no thorns to catch you unawares.

Among bushes, try the button-pink Jacques Cartier, my No 1 R which is almost C and certainly more C than its close relation, the fuller and more pink Conte de Chambord.

Light pruning will keep Jacques Cartier about 3ft high and wide, making it a marvellous old rose for small gardens. This Portland variety was bred in 1868, but is almost unobtainable, except from a few specialists. I have seen it in France, growing with gusto near Aix-en-Provence. The leaves are tough and the flowers will stand sun: perhaps it could be more widely marketed for expatriate demand.

As for the striped roses, Beales gives a C to the pale Vick's Caprice and a R to the darker Ferdinand Pichard which is flecked with white. I would give Vick an R and Ferdinand a half-R if you feed him properly. Certainly, they are the longest-flowering choices among old-fashioned forms with stripes and splashes and they refute the people who dismiss these colours because they last only for a fortnight. Among the oldies, they are good ones to choose, but like other oldies, they cannot always keep up the act all summer.

What matters about an oldie is its quality and fashion, not its date of birth. Gardeners can be more relaxed about these matters and I am pleased to find that Beales gives the coveted C to many of the more recent varieties with China Rose blood in their pedigrees.

I have never found that the pink Madame Butterfly is as continuous as he implies, but this year, I have filled a gap in the spectrum by finding a genuinely C dark red. Admittedly, Mme Louis Laperriere is even younger than I am, having started life in 1951. However, she grows only 2ft high and really does flower every fortnight, beginning with young flowers of a splendid dark red. She is not strictly an old rose, but the height and colour are most convenient. Every grower except Beales seems to have forgotten her, but who could resist a true C in red with a name as elegant as hers.

A Mecca in the West

Jonathan Young picks good-value hotels for fishing holidays

THERE ARE salmon. And there is fishing. And then there are the fortunes sacrificed trying to connect the two.

Three seasons ago I saw a thigh-booted character off-loading fish from the back of a Bentley. Five minutes and 28 fish later he told me that he was "reasonably satisfied" with his haul, caught on the prawn on the Tay, in Scotland. I remarked that his fishing must be expensive on such a great river. He inhaled deeply and held up his cigarette: "Stop for a fag and the time'll cost you 12 quid."

The Tay, Spey and Tweed are the holy trinity of salmon rivers, but the lesser meccas for the fisherman lie in England's West Country. The rivers babble through Exmoor, Dartmoor and Bodmin, jolly rather than grand, surrendering their fish to those with luck and doggedness rather than fist-thick wallets.

The river Barle clatters past within view of the Carnarvon Arms' dining-room, hurrying those still at breakfast. The hotel, just outside Dulverton, on the Devon-Somerset border, owns 5½ miles of fishing on both the Barle and its big sister, the Exe.

Shaun Blackmore is wine waiter at night, ghillie by day, able to advise on both a burgundy and the hook size of a Mallard & Claret. He oversees the fishing-fly cabinet next to the reception desk, at the end of a hallway lined with rod-rests and two sets of scales.

Utterly wild, scarlet-spotted, West Country trout eat frugally in the peaty water and seldom weigh more than three to the pound. A pounder is a specimen. A two-pounder has abandoned the meagre insect protein: he is a cannibal. "Of course, you could try for an early spring salmon," suggests Shaun, now in ghillie role.

Half-an-hour later, flicking a Silver Doctor over the Exebridge Pool, I am joined by a dipper, which bobs briefly before disappearing underwater in search of caddis-fly larvae. Good fishermen concentrate on fishing, not birds. Gazing upwards, gathering in the line ready for the next cast, it stops abruptly. The rod tip is jerked downwards — but sadly an algaed branch, not a silver salmon, slides to the surface.

The chill of Exmoor water decanted down a slipping wader is sufficient inducement to return to the hotel's drawing-room. There are three to choose from in this most old-fashioned of hotels, each with apple-log fires and soporific armchairs. The wine list is reasonable and packed lunches are readied at an evening's notice. The hotel's seclusion makes it popular with couples.

The Half Moon Inn is so secluded it could hide Elizabeth Taylor. Secreted in Sheepwash, north Devon, it is known only to locals and fisherman, the latter migrating there every April and May. This is a serious fishing inn. The two Inniss brothers have run it since 1958, Benjie keeping the vast wine cellar while Charles juggles cooking and fishing.

Charles is initially brusque: "Everybody who's here this weekend is a regular. Been coming for years. So we don't get the prats who whinge if they don't catch a fish." This event statistically becomes ever more commonplace. Charles explains: "When my parents bought this place 35 years ago there were six fishing pubs on the Torridge and the 2½ miles of river we had here at Sheepwash would produce 80 salmon. Now we have to rent some of the best beats on the Torridge to catch 30."

The statistics do not unduly worry the many anglers huddled into the fire-place end of the flagstoned bar, where they are outnumbered, two to one, by the malt whiskies. Opposite the bar is a photo-montage of anglers cradling salmon, as happy as if they were holding their first-born (actually, they look happier). The faces around the bar match the pictures; this is a fishing inn for the cognoscente.

Beginners would do better to book in at the Arundell Arms Hotel in Lifton, two miles away from the Tamar, beyond which Cornwall begins and, so Devonians maintain, England ends. The hotel is run by Anne Voss Bark, a woman of poise and authority; she is also chairman of the local branch of the National Rivers Authority.

Four rivers — the Thrushel, Wolf, Carey and Lyd — spill down from Dartmoor to her fiefdom, where they merge with the Tamar. The Arundell Arms has the fishing on 20 miles of them, with beats of between half-a-mile to 1¾ miles. Salmon run the Tamar and the Lyd, and at night both rivers will surrender sea-trout, but only to anglers who can cast a fly with the delicacy of a diplomat. Those who crack their fly rod like a Ben Hur charioteer will find these wild fish unforgiving.

However, salvation is at hand. Anne Voss Bark's husband, Conrad, runs a series of courses, ranging from a weekend's introduction for tyros to advanced salmon-casting.

The salmon run to 10lb, though lurking leviathans are suggested by the tubular brass-scale in the hallway, marked "Salmon" and calibrated to 22lb. Even more optimistic is the trout-scale, notching up the half-ounces to the 4lb mark.

Only Horace ever reached that weight. Embalmed in varnish, he stares glassy-eyed over the instruments of his destruction lining the hotel entrance — a brass Hardy reel; a bamboo fishing-pole; a collection of battered fishing flies.

For years this tyrant trout was a finny friend of all who stayed at the hotel, then under the command of Major Oscar Morris, who ran it for his chums. All initiates to this charmed circle were invited to drop a fly over Horace's nose. Disdain was the only reaction. One Commander Chilton knew nothing of this when, in 1942, he broke off from war to spend some leave at the hotel. He came. He cast. He caught Horace. Returning triumphant, the Commander was met by disbelief, then horror. The stuffed fish remains, in admonishment.

■ *Jonathan Young is editor of The Field.*

■ INFORMATION:
The Carnarvon Arms Hotel, Dulverton, Somerset, TA22 9AE, tel: 0398-23302, fax 0398-24022. Salmon-fishing: from £12 per day, February-June, to £25 in September. Trout fishing: £7 per day, 15 March-14 May, August; £12 between 15 May-30 September. Standard double room, including tea, dinner, breakfast and VAT, £52 to £62 per person. The Half Moon Inn, Sheepwash, Beaworthy, Devon, EX21 5NE, tel: 040-923232/376. Salmon and sea-trout: £12.50 per day, 1 March-30 April; £10, 1 May-30 September. Trout: £8, 15 March-30 September. Double room, dinner, breakfast and VAT, £41-£44 pp. The Arundell Arms Hotel, Lifton, Devon, PL16 0AA, tel: 0566-84666. Beginner's weekend course: £120. Advanced salmon-casting weekend: £84. Spring trout-fishing weekend: £122 including two nights' accommodation, dinner, breakfast, fishing and VAT. Salmon and sea-trout: from £13.50 (April) to £21.50 (September). Trout: £13.50. Sea-trout: £14. Double room, dinner and breakfast: weekend rate (two nights) — £98 pp, inc. VAT

A French defence against the world

Edmund Penning-Rowsell on the low-cost country wines of France

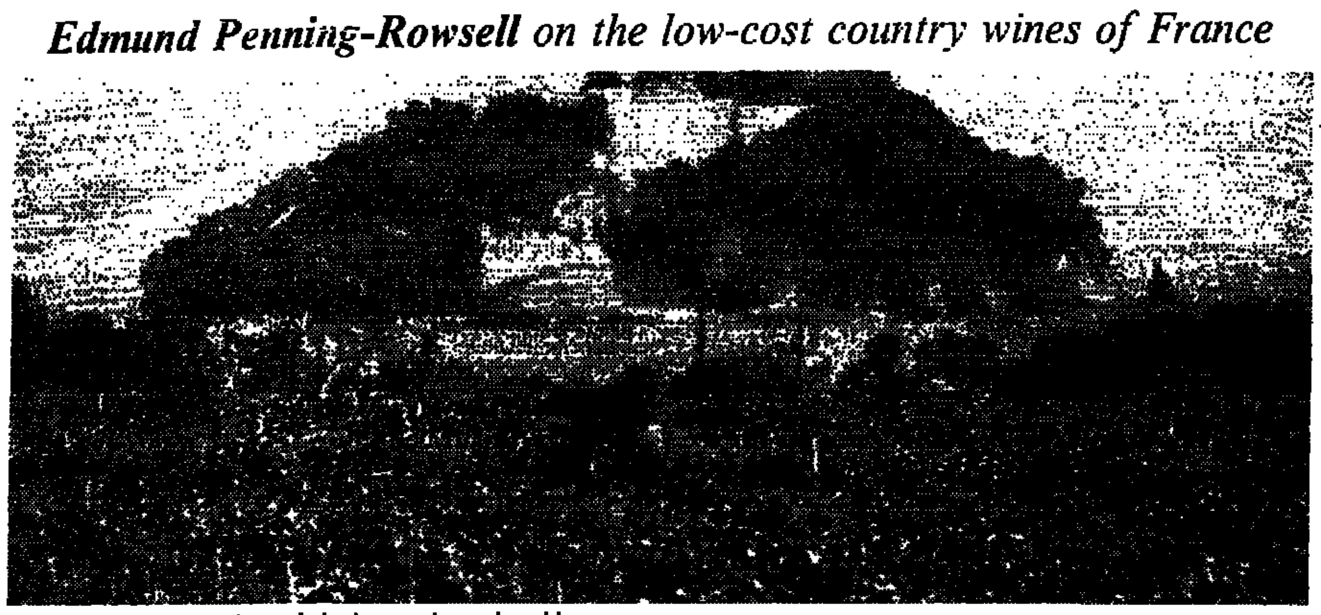
THE MOST imaginative innovation of the French wine authorities in the past 20 years was the initiation in 1973 of the category of Vin de Pays – French country wines.

After the reform of superior vineyard areas started in 1935, with the Appellation d'Origine Contrôlée system (AOC), backed by the moderately successful Vin Délimité de Qualité Supérieure (VDQS) classification in 1951, the industry was left with an enormous wine lake.

It exceeded half the country's annual production and used to be called Vin de Consommation Courante, but now bears the EC title Vin de Table. This was subject to almost no control beyond a minimum alcoholic strength of 8°.

The majority of Vin de Table came from the Midi, presenting a problem as much social and political as vinous. To interpose a further control system that did not insist on specific grapes local to a particular district, and over-restrictive maximum yields on wines bound to sell at low prices presented some difficulty.

But, after an enabling decree in 1968, production started in 1973 under specified rules, followed in 1979 with detailed production practices and minimum analysis standards.



Provence: a big percentage of vin de pays is produced here

A Vin de Pays is a table wine with a geographical origin. The grapes for each must come from a recommended list in its department, the yields must not exceed 90 hl per ha, and 80 for a few zonal or regional ones. The minimum strength is 9° but 10° in the Mediterranean regions.

Yields must be declared and the relevant denomination – as there is often a choice between zonal, departmental and local. Chemical analysis must accompany the request for registration, including such items as alcoholic strength, total acidity and sulphur dioxide content. This is followed by a tasting by a panel including growers, merchants, and oenologists.

There are four regional denominations, 39 departmental and 98 local ones. The names on the labels have been chosen with promotional care.

Who could resist Vin de Pays du Jardin de France (Loire) or Vallée du Paradis (Aude)? And those who remember Alfonse Daudet's parish priest of Cucignan may well be encouraged to sample its Vins de Pay, its 7,000 cases of almost entirely red wine are largely made by the local co-op.

The greatest improvement in French wines today is taking place in the Midi, and 85 per cent of the Vins de Pays are produced in Languedoc, Roussillon and Provence. This has given the peasant growers something to aim for and better, though still low, prices.

The figure are impressive. In the first authorised year of 1974, production amounted to 6.2m hl, but was over 11m last year – half the total French Vin de Table and more than 25 per cent of 1991's heavily reduced wine production.

In the UK the Vins de Pays were launched in 1979, with the equivalent of 78,000 cases sold that year. Last year, the total was 427,000 cases. Now they are to be found in every supermarket and on every wine merchant's list, many of which include special selections for them (although these often confusingly contain wines such as Bergerac or Cahors, which are Appellation contrôlée and not Vins de Pays). Vins de Pays generally cost between £3.50 and just under £6 a bottle and provide almost embarrassingly wide choice.

The most popular here is white Côtes de Gascogne, produced mainly from the Ugni Blanc and Colombard grapes grown for armagnac. Some 20 years ago, this was a very depressed area making otherwise very ordinary Vin Ordinaire. Now it produces about 1.9m cases, with Germany and the UK the biggest importers.

The Vins de Pays are France's low-price-wine defence against the New World. The Italians are preparing to launch a category lower than DOC – IGT (Indicazioni Geografiche Tipiche), which very much resembles the Vins de Pays system. While French wine exports have been generally falling, those of the Vins de Pays are at least stable and may be still increasing.

Through an apéritif glass, darkly

Giles MacDonogh considers a few pre-prandial stimulants

BRITONS do not have much truck with apéritifs; they offer their guests "a drink" but this rarely has any relevance to the fact that everyone is about to eat. White wine probably is the most popular; if you are lucky, you get champagne. In old-fashioned houses, it is sherry, whisky or gin.

Apéritifs, however, are not to be despised. They serve a real purpose: setting the gastric juices in motion and literally "opening up" appetites for dinner. As such, they deserve a deal more thought.

As I learn from André Dominé's useful book *Die Kunst des Aperitif* (Weingarten 1989) – which, being written in German, is unlikely to reach the wide audience it deserves – aperitifs came into being at the close of the 18th century when, because of the upheaval caused by the French revolution, restaurants were beginning to achieve importance.

Significantly enough it was the "Father of the Table" Grimod de La Reyniere who was the first to advocate *le coup d'avant* to excite the appetite before a meal. Grimod also called for a *coup du milieu*: a glass of spirits used to reactivate the appetite in the middle of a lengthy dinner or banquet. This idea survives as the *trou normand* – a glass of calvados being brought to you before the main course.

The first apéritifs were absinthe and vermouth of various sorts. Absinthe was finally banned on health grounds in 1915. In the next two decades the market was flooded with less lethal imitations such as Pernod and Ricard. It was Ricard which created the Provençal myth around pastis by its advertising which focussed on blue seas and southern landscapes. Ricard drinking in Marseille – or anywhere else – is no older than the creation of the company: 1932.

Most of the flavoured wines we call vermouth were created in the second half of the 19th century. Campari was founded in 1867, but opened its first factory only in 1892. Lillet, the aperitif wine known to all who visit Bordeaux, was created in 1887; Byrrh in 1890. Some like Picon were flavoured with chinchona bark or quinine and were thought to be useful in combatting malaria in the French African colonies. Picon was the French colonial version of the British g and t.

A glass of pastis with water and ice still seems to me to be a perfect summer apéritif: preferably accompanied by a bowl of green olives. Pastis is particularly kind to the stomach, and, unlike a more alcoholic aperitif, negronis spring to mind, it does not have that heaviness which ends up by killing your appetite. Younger people in France do quite disgusting things to pastis mixing it with Grenadine or peppermint cordial. This is not to be recommended if you are about to sit down to lunch.

Once in a blue moon I quite enjoy a gin. Both Gordon's and Tanqueray I find too overtly flavoured with juniper, which gives them an almost sickly smell. Better are Beefeater or Bombay which have more complexity of aroma. The best gin and tonics I ever drank were made by a veteran of the Sudan Political Service who kept everything (even the glass) in the fridge. He insisted on using oranges rather than lemons because they went better with the tonic water.

An American-style dry martini would kill your appetite in the majority of cases, but gin can be combined with vermouth in less powerful doses. I recall an old headmaster offering me a vermouth in his holiday home in Provence. He filled a tumbler three quarters full then from under the table brought out a gin bottle and topped it up. "I thought you were offering me vermouth," I quibbled. "Without the gin it is undrinkable," he replied.

In certain senior common rooms gin and French is still the favoured drink prior to High Table. People used to drink "gin and It" – gin with red, or Italian, vermouth; or even gin and mixed – a combination of red and white. It has been a long time since I have seen one of these.

Bitter drinks such as Campari tend to be effective when it comes to stimulating appetite. In France the equivalent of the "Camp sod" (as a friend used to call his Campari and soda) is often a gentian-based aperitif such as Suze. This is not for the faint-hearted: for many it is like taking a swig from a scent-bottle.

One apéritif I rediscovered only the other day was a mint julep, made by steeping Bourbon whiskey (sic) mint and sugar for ten minutes; adding more whiskey and crushed ice, then stirring. Best Bourbons are Maker's Mark, Wild Turkey and George Dickel.

Appetisers

THE West Country Tourist Board has published a 16-page booklet, *The Trencherman's West Country*, listing the area's top 25 restaurants and hotels, starting at the Seafood Restaurant, Padstow, Cornwall. Available free from the West Country Tourist Board. Tel:0392-76351, fax: 0392-420891.

□□□

L'Arlequin, the one-star Michelin restaurant owned by Christian and Geneviève Delteil in Queenstown Road, London, SW8 (tel: 071-622-0555) celebrated its 10th birthday last month.

The special lunch and dinner menus and prices which it introduced as part of its birthday celebrations have now been converted into permanent fixtures. As well as a three-course lunch menu at £20.50 there will be a £28 set dinner menu. Open Mon-Fri, noon-2pm, 7.30pm-10.30pm. Closed August 7-31.

□□□

Cookery writers Sophie Grigson and Janet Laurence will again run two four-day cookery courses for aspiring young chefs, aged 11-16, this summer, from August 24-28 and August 29 to September 3. Held at a country school in Sussex, places are limited to 20 students with five adults in charge. Cost is £265 including board and lodging. Contact: Young Cooks of Britain, 2 Terminus Road, Chichester, West Sussex PO19 2DR. Tel: 0243-779239.

The priest and his busy nights with Carmen

Steve Sonsino on a restaurateur with a mission

CARMEN has opened in Seville. Not the opera, although this may feature in Spanish celebrations this year, but a restaurant. It is the latest in the empire of Luis Lezama, a businessman with an unusual mission: to provide work for reformed juvenile delinquents.

This seems an unusual occupation for an astute restaurateur. But Lezama is also a priest and if he sees any contradiction in his calling and running a highly profitable chain of restaurants he does not show it.

"I am using the hotel trade to bring people new knowledge of themselves," he says with great satisfaction. He cites the fact that many of the former "petty thieves" – he calls them his brothers now – are in demand worldwide, to teach and train others in the Spanish cooking styles they have made their own. His staff are exchanged with Hungarians, with Czechs from Prague and even with Japanese.

When not in Seville, managing the opening of Carmen, Father Lezama can be found at the headquarters of his restaurant chain, the Café de Oriente in Madrid. Upstairs at this popular cafe-bar, across the square from the Royal Palace, tourists and the Madrilenos, chat openly, sipping cocktails or the numerous Mexican beers. But downstairs is more discreet. King Juan Carlos is a regular guest in the Comedor del Rey, the King's Room.

The Comedor, once the 15th century cellar of a medieval convent, is panelled off from the restaurant's 20 or so other diners by a trellis wall, inches thick, lined with blood-red velvet. Eavesdroppers, intentional or not, are foiled by music from the discreet but powerful loudspeaker outside the only entrance to the salon.

Beneath the high arches of the brick-walled King's Room, the guests usually remain anonymous. The *maitre d'* declines to tell diners whether it is the king who lunches or whether the guests are high-ranking politicians or judges. Whoever they are, the diners are treated to Michelin-star service by Lezama's award-winning restaurant brigade.

Father Lezama: a priest who studies the profit and loss line

Across the salon table, Lezama does not look like a man who has taken holy orders. His suits are well cut, his glasses expensive. He does not sound like a priest, either. His talk is of profits, of expanding his restaurant group and of fine foods. But, in the early 1960s, he set himself to work with young troublemakers in the village of Chinchón and then in the suburbs of Madrid.

In 1974, with the permission of the church, he negotiated a loan from a local bank and bought a small restaurant-bar, Taberna del Alaberdero, which he staffed with former offenders. Profit paid the wages and the remainder was reinvested in the restaurant.

Now, almost 20 years later, Lezama's interests have expanded, with the express permission of the church, to include an outside catering company and six restaurants in Spain, as well as a restaurant in the US, another Taberno del Alaberdero, in Washington DC.

What started as a simple idea, to create work for young offenders, has become an empire embracing high quality service in the restaurant and hotel business.

What Lezama calls his foundation today employs 370 people and has its own board of directors. On the board sit many of the founder members of the first Taberno del Alaberdero, including Francisco "Paco" Moreno. "Paco, my Paco", says Lezama proudly, pointing to the man serving the meal, "is now *maitre d'* at the Café de Oriente."

Paco deferentially ignores Lezama, and continues to present the meal, announcing it as wild duck in a fine, crisp, puff pastry. Lezama in turn explains how the pastry normally takes four to five hours to prepare in an oakwood oven. However, he boasts, the head chef, Santos Garcia Munõz, a long-serving member of "the family", can do it in three.

Without anyone noticing, the table has been cleared, the cutlery changed by the deft Paco, and the next course arrives: *salmonetta*, young salmon. The dish is decorated with a fan of thinly sliced courgettes on a spicy pimento sauce. To accompany the meal he offers tender, warm, onion bread.

Though Lezama does not take the fish course, he is for a moment distracted by the succulent salmon. "Madrid is the finest port in Spain, although far from the sea. We buy the finest fish here for all our Madrid restaurants."

It is the emphasis on excellence at the Café de Oriente that has earned it a Michelin star, and enables it to charge prices ranging from £50-£60 a head. "We expect mainly the business visitor," says Lezama, as if to apologise for the price. Upstairs at the café-bar, prices are also high, usually £35-£45 a head.

In spite of the high prices business is good, reports Lezama. The foundation's total turnover is about £2.75m (Pts500m), with a profit margin of 9-10 per cent a year after tax.

Although the bulk of profits are reinvested in the foundation, he explains, all the managers have shares in the business, which helps to explain their long-term interest.

It would be possible to improve the turnover and the profit of the restaurants still further, he says; but the company would lose any increase in taxes. "We prefer to invest the money in the resturants and create new jobs."

To prove his point Lezama explains that his empire is still expanding. Now Carmen is open and, for the first time, hotel rooms have been added to the foundation's assets, at the Taberno del Alaberdero restaurant, also in Seville. With only ten suites, the five-star hotel was intended to be pricy: from £200-£280 per person, per night, depending on the season. However current rates range from about £140 per night night. Whether Lezama's pricing strategy will attract the business he seeks, and whether his newest restaurant is a success, remain to be seen. But he hopes this latest production of Carmen will have a happy ending.

Cookery/**Philippa Davenport**

Making the best of beetroot

THE TREND is to instant – even in the world of fresh foods. First, there were stewing packs of diced root vegetables; stir-fry packs of bean sprouts with batons of courgettes and carrot; and whole cauliflowers stripped of their leaves and broken into sprigs, plastic-filmed and on a tray ready for microwaving.

Now, it is hard to buy rocket on its own, although every supermarket offers it as an ingredient in a ready-washed-and-mixed salad leaf pack. And vandals seem set on destroying the sculptural beauty of pineapple which is sold ready-peeled, cored and stamped into unenticing rings. Next? Probably ready-peeled-and-pipped grapes, marketed as "the ultimate gift for the sick."

In the face of all this hideous trimming, I am defiant. I buy vegetables in bunches whenever I can. There is something reassuring about their earthy exuberance. The billowing leaves and whiskery rootlets fighting to escape the wasp-waist rubber bands that hold the stalks in check are a happy reminder that real food still exists. Vegetables should be bursting with life when they reach the cook.

In Mediterranean markets, leeks and milky-fresh garlic often are displayed with their long flowing leaves intact. Tomatoes may be sold in long tresses on the stalk. Herbs are tied in sweet-scented nosegays. Ruby and white ribbed chards are offered in colourful bunches. So, too, are tiny green and violet artichokes, as pretty as bouquets of flowers.

In Britain, peppery watercress and radishes traditionally are bunched. So are baby turnips and young carrots the feathery foliage of which so delighted the Stuarts that these royals pinned great green sweeps of it to their hats). Then there are bunches of summer beetroots, a welcome sight in the shops just now and stars of my recipe this week.

The aromatic sharpness of blackcurrant and the earthy sweetness of beetroot team well, a glowing partnership that is particularly good with rich meats such as duck.

BEETROOT AND BLACKCURRANT SALAD WITH DUCK

To serve 4-6 people, allow 1 x 5-6 oz boneless duck breast portion per person. Fry them gently in a heavy-based pan, cooking them skin side down for most of the time to avoid toughening the meat and to render most of the fat. Pour off the fat as it runs from them.

Let the cooked duck rest and cool completely. Carve into thin slices for serving and spread the cold jellied pan juices on lightly-toasted ciabatta to eat with the meat.

The beetroots, like the duck, should be prepared several hours or a day ahead. Snip the leaves off ¾-1 lb of them, taking care to cut well above the bulbous roots or they will "bleed" profusely and lose colour in cooking.

Do not trim the whiskery rootlets. Save the leaves to use for another dish: chop them, stew in butter and use for stuffing pork or an omelette.

Wash the roots gently and cook them in boiling water with a slice or two of lemon for an hour or so until the skins feel loose (or bake them for twice as long in a low oven). Cool completely (in the cooking liquid if boiled).

Strip ½ lb blackcurrants into a pan. Add 3-4 tablespoons water and 2 tablespoons sugar, or more to taste. Cover and cook until the fruit is warm and tender and the juices begin to flow.

Keep the flame low and shake the pan occasionally to encourage even cooking. Fierce heat and/or stirring risks overcooking and breaking up the fruit.

Let the cooked fruit cool a little while you skin and dice the beetroots. Grind plenty of black pepper over them, then pour on the contents of the blackcurrant pan. Mix gently, adding a splash of the beetroot cooking water to thin the sauce if liked, and strew with a little chopped tarragon, dill or mint.

Tales from the earth / Gerald Cadogan

Diggers locate secrets of Xerxes' lost canal

XERXES was the king of ancient Persia who took the long road to Greece in 480 BC to punish the Greeks for supporting rebels and, when he got there, lost the battles of Salamis and Plataea. Rather more recently, there have been full houses for a superlative production of Handel's opera *Xerxes* at the London Coliseum.

Played poignantly as an arrogant and capricious despot, we find him infatuated with a tree as the curtain goes up. Then he has the mad idea of linking Asia and Europe by a bridge over the Hellespont (Dardanelles), but a storm puts paid to this icon of *folie de grandeur*. Nor does he get the girl he fancies. It is an old story of futile pride. But a state-of-the-art archaeological project in Greece this past autumn shows it is not just a story. Xerxes really was a man who did things on the grand scale. Sub-soil radar has found the great canal he dug across Mt Athos to bring his navy down safely to southern Greece.

Long buried and forgotten, Dr B.J. Isserlin and an Anglo-Greek team of scientists have located it again with the radar, which looks into the ground from a sledge. It emits radio waves, like conventional radar, and measures those that bounce back when they hit an interruption – a hard task, as all there is to detect underground is the change between the fill and the sides of Xerxes's canal.

The lack of buried structures stretched the new technique to its limits. But it found the line in 3-D beneath 7-8 metres of hill slide, and has plotted it for 2,200 metres without the expense of digging. Its length is exactly what the Greek historian Herodotus gives: 12 stades (or furlongs).

Handel's picture follows Herodotus, who paints Xerxes as a wayward tyrant with whom brave little Greece battled (and beat) despite overwhelming odds. But even Greeks thought his monuments in Persia staggering. If you go to Iran, do not miss the palaces of Xerxes and his father, Darius, at Persepolis. Huge-columned halls stand on a great podium. The sculptures show 28 subject nations from the Ionians (the Greeks on the Aegean coast of Turkey) in the West to the Indians in the East carrying tribute in procession to the king.

When Darius died in 486 BC, Xerxes inherited Persepolis - and problems in the empire. The Ionians had revolted in 499 and Athens supported them. Darius went to punish them but lost the battle of Marathon in 490. He had to be avenged.

Preparations for Xerxes Greek campaign of 480 were stupendous. The army was so vast that it could drink a river dry, Herodotus says, and

> *'Its length is exactly what Herodotus said – 12 furlongs'*

Xerxes numbered it by corralling 10,000 men into a tight pen, releasing them, and then marching the rest into the pen in turn. That gave a total of 1.7m troops, an exaggeration probably by nine or 10 times. Even so, it was a huge number.

The Hellespont is a mile wide and flows fast as the Black Sea joins the Aegean. Although nothing survives, and Byron did not bump into any bits when he swam across, the bridge was a superb idea. But Xerxes could not control the weather (Handel gives full vent to the storm) and the first bridge broke. He was so angry that he ordered his men to give the Hellespont 300 strokes of the lash, saying: "O bitter water, our master lays this punishment on you as you have wronged him though he has never done you wrong." The engineers were executed. The new ones tied two lines of ships together, stretched cables between them, and laid a road on top. Xerxes sat on a marble throne to watch the army cross. It took two days.

The Athos peninsula was the next obstacle. Earlier, the Persians had lost ships sailing round it. So, Xerxes ordered the canal through its narrow isthmus and put men to dig it under the lash, in the style of the river Kwai railway. The Greeks thought the scheme odd, as they were used to island-hopping across the Aegean. But the Persians liked to keep their land and sea armies in touch in alien territories, for security and flexibility.

Although Herodotus described this marvel of ancient engineering in detail, there was no archaeological exploration until Isserlin came. "Up to now, the search has been better than my wildest dreams," he says, certain that there is a big ditch underneath and not a haulage-way for ships as at ancient Corinth. Eventually, he hopes to dig trenches to see how it was constructed, but with the accumulated debris and soft ground there is a risk the sides may cave in. He might, however, be able to solve his final problem: who were the surveyors? Greeks coerced to work for the king? If he finds that the canal's dimensions fit Greek measuring systems, the likely answer is "yes".

After Athos, Xerxes marched on down Greece, forced his way at Thermpoylae (where 300 brave Spartans resisted to the last man) and destroyed the temples on the Athens Acropolis and in the country around, while the Greeks prepared to hold the isthmus of Corinth. But he lost his navy at Salamis, and the army lost at Plataea the following year. Greece triumphed. In 464, Xerxes was murdered in a palace intrigue.

If Herodotus came back today, he would be delighted that his account of the canal stands up so well to modern science - and that Handel saw Xerxes the same way he did.

Smart, sporty and compact. The new Audi 80 estate car – a rival for the BMW 3-Series Touring – is coming to Britain next year

Let's take a brake, dear

***Stuart Marshall** on the British fondness for estate cars*

IN BRITAIN, estate cars always have had overtones of broad acres, labradors and well-cut tweeds. Even today, older motorists still call them shooting brakes.

It was not like that on the continent where the estate was reckoned to be a trade vehicle, halfway between a car and a van. (Curiously, the French, who have always made some of the best estate cars, still speak of them as "breaks." No, I don't know why they spell it that way, either).

The first German maker to acknowledge that up-market buyers might want a nicely-furnished estate car for carrying such things as saddles, not sacks of cement, was Mercedes-Benz. For some years, its 200-300T range of estates has been an industry benchmark. Audi (first with the slant-tailed 100/200 Avant, then the new 100 estate) and BMW (3-series and 5-series Touring) got in on the act.

Now comes a new, more compact, dual-purpose Audi developed from the 80 saloon. On mainland Europe, it will be called the 80 Avant; in Britain – where it will not be available until early 1993 – it will simply be the 80 estate.

A seven-model range goes on sale in Germany in October. Three have four-cylinder engines (two-litre petrol developing 90 and 115 horsepower plus a 1.9-litre, 90-horsepower, direct-injection turbo-diesel). All are front-wheel driven.

There are front-wheel and four-wheel driven quattro versions of 80 Avants with five-cylinder, 133-horsepower or 150-horsepower, 2.6-litre V6 engines. Power steering and a five-speed manual gearbox are standard; automatic transmission will be optional only on two front-wheel driven models, a four-cylinder and a V6.

Like all Audis, the new 80 Avants have the Pro-Con Ten system that tightens front-seat belts and retracts the steering wheel in a crash severe enough to shift the engine backwards. ABS brakes are fitted to all 80 Avant quattro models and on the front-wheel driven 2.6E, but are an optional extra on the others.

Prices and the UK market specifications are still being discussed. In Britain, though, Audi 100 estates are only £721 more than the equivalent saloons. If the Audi 80 estates were available now, an educated guess would price them from £14,500 for the entry two-litre model to more than £22,000 for the V6-engined quattro. That would make the least expensive 80 estate about £1,400 cheaper than a BMW 318i Touring, which Audi clearly has in its sights.

In Germany earlier this month, I sampled three of the new estates: a V6, the turbo-diesel and a five-cylinder quattro. The V6 was particularly refined and still very quiet at an indicated 130 mph (209 kmh) even though its low overall gearing put the rev. counter needle at close to 6,000.

The higher-geared turbo-diesel was almost as tranquil cruising at 100 mph (161 kmh) on the autobahn although, naturally, it felt far less urgent. Buyers may find some compensation in its claimed average 52.3 mpg (5.4 l/100 km) fuel consumption.

On dry and generally smooth roads, the advantages of the 2.2-litre, five-cylinder quattro's expensive all-wheel drive transmission were not obvious because the front-wheel driven cars gripped and handled so well.

It would, though, have been a different matter on the snowy mountain pass where I so nearly got stuck in a Renault Safrane some weeks ago.

The rear seat back-rest and cushion fold to make a flat, fully-carpeted load floor.

You have to remove the rear seat head-rests first. But – a thoughtful touch – Audi provides holes into which the head-rest supports can slot so they will not get lost or dirty on the floor.

For armchair motorists . . .

THREE new motoring books make a nice change from those of the "Complete history of the side-valve Ford V8" variety (does anyone ever read these bar the author?).

In *The Green Car Guide* (Merlin Press, £7.99), co-authors Paul Nieuwenhuis, Peter Cope and Janet Armstrong analyse minutely the environmental impact of the motor car.

This is not in the least boring because a mass of facts is presented clearly by a level-headed, apparently non-partisan trio.

Stuart Bladon's *Observers Cars* (Frederick Warne, £4.99) is not an A to Z guide to everything car on the market but a summary of 181 vehicles cars he feels are worth writing about.

Two dozen of them have "the invaluable and often-appreciated asset" of a top speed of more than over 150 mph (245 kph) and three are rated at 200 mph (322 kph) plus.

Just what you need nowadays. Yet, an important newcomer like the Volvo 850 GLT is not mentioned.

Never mind; it is an entertaining if subjective little book.

If you like buying cheap petrol or sometimes find yourself down to the last few litres late at night, *Easy Driver* (Seven Points Publications, PO Box 119, Chichester PO18 9LY, £3.99) should be in your car's glovebox.

It lists all supermarkets serving petrol, 24-hour filling stations, fast-fit and car hire outlets and hospitals with major accident and emergency departments. Also included are the best round-the-clock roadside and recovery companies and much else to interest a thrifty, independent motorist.

S.M.

LONDON PROPERTY

WATERSIDE

COUNTRY PROPERTY

COUNTRY RENTALS

RETIREMENT

COUNTRY PROPERTY

PROPERTY

THEY TOOK a swampland near Southampton, covered with silt, dug some ditches through it and built some homes around them – and they called it Hythe Marina Village.

That was back in 1984 and the idea of a home with a berth at the back door was born. Suddenly, everyone wanted to build by the water: by 1989, there were plans around the UK coast for 40 developments costing a total of £2bn.

Not everyone welcomed the revolution, though. Those not interested in boats, notably the Worldwide Fund for Nature and the Royal Society for the Protection of Birds, saw development of the nation's mud flats as a threat to the environment.

Before the advent of the marina village, the UK's 3m "boaties" and "yachties" had to content themselves with a few overcrowded and expensive marinas and estuaries. The concept of the marina village, though already established in areas such as the south of France and Florida, seemed set to revolutionise boat ownership in the UK. Depending upon one's definition of "boat," there are between 500,000 and 3m owners in the country.

Those unable to live permanently alongside the object of their desire, be it dinghy, sailboard or 50 ft yacht, wanted to leave their London office at 5pm on Friday and be with their vessel in good time for hot toddies and *plat du jour*. That is one reason why Peter de Savary's marina development in Falmouth, Cornwall, has been so slow to sell – it is too far from the capital to travel for the weekend.

The cost of building the marina and infrastructure at Hythe was £20m. The lock alone cost £1.5m, coping with double tides with a range of 18 ft.

Mooring fees would never repay the price (the pioneers at Brighton Marina discovered that to their cost) and so, with the aid of expensive piling, the houses and apartments were built beside the berths.

For a while, the properties sold well. Marina Developments itself constructed four more marina villages to add to its scheme at Hythe. Then the property market sailed into the doldrums – and we have been in recession ever since.

In a bubbly market, no property has more froth than a marina home, but prices have gone flat and boats, like houses, have sunk in value. Recessions do not last forever, though, and marina homes could represent good value today.

Peter Thompson, acknowledged guru of the marina village, is heading a management buy-out of the housebuilding interests of Marina Developments as the parent company, Yattendon, wants to focus on its core activity of marina ownership and management.

"Sales of homes in genuine marina villages have, in fact, held up quite well despite the recession; but there has been a serious realignment of prices. The desire to own a property with adjacent berth is as strong as ever," says Thompson.

"At least 90 per cent of our buyers have no material borrowings. They buy their second or retirement home by the water with inherited money or out of personal savings."

The £17.5m management buy out (or "buy in" as Thompson prefers to call it) will give the new company about 70 built and unsold properties in the five villages, some 300 plots, plus certain commercial and retail interests. The average price of homes in the next year or two is likely to be about £200,000, only half that of the 336 flats and houses sold since 1986.

So, are marina homes a good buy? Martin Edgar, whose company, Waterside Properties, specialises in (yes) waterside properties, believes they are. "Environmental and planning restrictions mean that marina homes built today, together with the last few still in the pipeline, represent a finite total number that will be built along this stretch of coast," he says.

Prices are down 35 per cent on two years ago and there might be a further short-term fall back, but he feels there will be profits to be had in the medium term. The temporary glut of property "at astonishingly low prices" is unlikely to reappear, he believes. (Waterside Properties: 081-542-9599).

At the shore of the huge Poole Harbour in Dorset, southern England, not far from the town centre, 60,000 cubic metres of earth was excavated by developer GEMSA to build Moriconium Quay. Now, 100 Mediterranean-style houses and flats are being built there (the name was given to the area by the Romans in AD 45).

Each house will have a wet berth. Flats will have a dry berth, operated by a fork-lift truck and paid for out of the annual maintenance and security charge of £1,550 a unit. Despite a rather unprepossessing approach, these are excellent homes with generous room sizes.

Savills is selling the houses and apartments. The houses, from £285,000, have four bedrooms plus a ground floor yachting room. Smaller flats will be built later; those available now are large (2,300 sq ft) and cost £450,000. One great advantage of this marina, opened recently by yachtswoman Clare Francis, is that the tides permit easy 24-hour access without lock gates.

Many of the big house-building companies also have dipped their toes into the marina business. Barratt is no exception, having recently completed 277 homes at the 110-berth St Peter's Marina Village in Newcastle, northern England. This is the first purpose-built marina on the Tyne and is close to the city centre. Houses and flats remaining are priced between £90,000 and £121,500.

Laing Homes is proud of the town houses at its West Quay Marina in Yeading, near London; moorings are available for buyers and there is also a 100 per cent part exchange scheme and a 9.5 per cent mortgage. Houses there cost from just under £130,000; apartments from around £58,000.

Houses fit for most wallets are being built by Charles Church at Avonmere Marina, in Trowbridge, Wiltshire, by the Kennet and Avon Canal. The first phase of houses and flats costing between £50,000 and £150,000 has sold out; work is now progressing on the next phase.

The same builder has found a formula for beating recession in Richmond, south-west London, where its waterside homes at Richmond Bridge have attracted enormous interest – since Easter, 14 reservations have been made. The 124 houses and flats in the first phase cost between £122,000 and £675,000.

Hunting Gate Homes, which has an interesting marina development in London's Limehouse Basin, also is selling homes to people with a passion for water sports at St Lawrence Bay, in Essex. The houses and bungalows, some with gardens sloping down to the River Blackwater, are close to the new Bradwell Marina. Prices are between £72,950 and £115,450.

Not far away, at Burnham-on-Crouch, one of the country's top yachting centres, is the new 350-berth Burnham Yacht Harbour with 42-year leases starting in price at just under £20,000 for an eight-metre boat. Nearby, there is a splendid development of houses and flats beside the river at King's Wharf. Prices, through Savills with Bairstow Eves, range from £60,000 to £245,000, so there is something for most pockets.

The market in marina property might be dormant at the moment but there are plenty of people still dreaming of oiling the pintle and sailing into the offing. A fair breeze might not be long coming.

On the waterfront: part of the Laings West Quay Marina development

Choppy waters for marina sales

*The recession has hit the market for homes with a berth, but **David Hoppit** finds grounds for optimism*

Eyes Wight – but few do

Mainland buyers stay away

THE ISLE of Wight is a curious place. Where else but Cowes would most of the shops shut for lunch in the one week of the year when the town is thronged with thousands of visitors wanting to spend money? And where else would it be so difficult to get them to look at property?

The problem, of course, is the recession. And the Isle of Wight depends more than most places on outsiders to invest in the top end of the property market.

Last year, John Lelliott redeveloped the four-acre site of the Victorian railway station and a school in the centre of Cowes. But its first phase of 33 apartments at Admiral Gardens has attracted only five buyers at prices from £52,500 to £250,000 (through Nationwide's local office: telephone 0983-292-141).

Roger Easton, managing director of John Lelliott Residential, explains: "We have not dropped our prices because our problem is not the product. People are very impressed with what they see but we are not getting enough people from the mainland to come and see it."

Yet, Lelliott *is* selling to local people at Mortonbrook, a re-development of a former caravan park at Sandown where 37 of the first 40 new houses and flats have been sold at prices from £38,000 to £49,500.

The Rotch Property Group also has had difficulty attracting buyers for the Gloster, its redevelopment of the hotel that used to be the Royal Yacht Squadron's waterfront home at Cowes. So far, eight of the 15 apartments have been sold through Nationwide at prices from £85,000 to £165,000.

Things are little better elsewhere on the island. At Ventnor, the former Heights Hotel has been demolished and the four-acre site, with planning consent for 26 houses, is being offered for sale by Allsop & Co. (071-584-6106) on behalf of receivers for the the developers.

Since the Halland Hotel at Seaview Bay was redeveloped three years ago by Westridge Horton Homes, its parent company, Leading Leisure, also has gone into receivership. While all eight waterfront houses were sold at around £225,000 each, only three of the 30 flats have been sold through Nationwide, acting on behalf of the receivers, Price Waterhouse. But five have been reserved since prices were cut (they now range from £62,500 to £145,000) and the last three of the 20 retirement flats that Leading Leisure developed at Newport were sold last week.

That is encouraging news for Hewitts (Southern), which has redeveloped Seaview's central bus station in a joint venture with local builder Caws & Hermans. Known as the Anchorage (although it does not have any moorings), the project is just inland from the Seaview Yacht Club.

The 16 houses and flats at the Anchorage have just gone on the market at prices from £69,000 to £159,000 through the local office of Nationwide (0983-612-212) and the Bournemouth office of Savills (0202-298-585).

Peter Hewitt, a former helicopter pilot turned builder who started Hewitts (Southern) when he moved to the island two years ago from Cranleigh in Surrey, is reluctantly selling his own property, Steyne House at Bembridge, for which the local office of Nationwide (0983-872-141) and Savills at Bournemouth want £650,000. Steyne is a handsome, late-Georgian building in 21 acres of well-maintained grounds.

There *are* buyers around – that was shown by Humberts' sale of Barton Manor, Edward VII's former home at East Cowes, and its 105 acres which were bought for £1.1m by Robert Stigwood, the impresario.

Paul Jackson of Lymington (0590-674-411) hopes this augurs well for Shalfleet Manor, a 17th century house near Yarmouth, which he is offering with 420 acres of land for £1.5m.

Michael Hanson

HOW TO SPEND IT

The high priest of frivolity

*Look out London, here comes Christian Lacroix, says **Lucia van der Post***

From the prêt-à-porter collection for autumn, a red wool suit with black/lime appliqué. Hat, belt, brooch and earrings all by Christian Lacroix

UNTIL NOW British fans of Christian Lacroix, the exuberant Parisian designer, have had to cross the channel to see the full range of the master's clothes and accessories. To be sure, they could see a small selection of authentic Lacroix at Harrods and the Hans Crescent boutique A La Mode, but to the true aficionado this was more like a teasing taster when what they wanted was the full menu.

All this is set to change. From August 3 they will be able to trot along to 8a Sloane Street, London SW1, where a brand new Christian Lacroix shop (a franchise owned by Roberto Devorik) will be selling the full Lacroix range. From *haute couture* to *prêt-a-porter*, from *petits bijoux* to *chaussures*, from legwear by le Bourget to *"cravates pour l'homme"*, all the details that make up the look will be on sale.

Lacroix, you may remember, is the most recent addition to the gilded circle of haute couturiers with salons bearing their own name. After coming to Paris from Arles he worked at Hermès and Jean Patou before Bernard Arnault, whose conglomerate, Financière Agache, also owns Dior, financed the opening of the house of Lacroix just five years ago. From the beginning he attracted headlines. His were not clothes like any others. The frock-fanciers and fashion press divided into two camps – those who thought he was extreme, over-the-top, unwearable, and those who thought he was the best thing to happen to haute couture since fashion's high priest Yves St Laurent last blew away the cobwebs.

For his visual repertoire Lacroix draws on his Provençal childhood – the colourful symbolism of the corrida, the fiery Provençal fields and sunsets, the folkloric dress, a rich ratatouille of cultural references that make his designs instantly recognisable to the cognoscente.

He has been a marvellous complement to the perfect, tasteful, understated approach to fashion which reaches its apogee in the work of the Italian designer Giorgio Armani and which much of Paris aims to emulate. Tastefulness is not one of the thing that Lacroix rates highly. He is on record as saying "bad taste is better than no taste," and that for him "vulgar is not pejorative, but ordinary is."

His designs show what happens when a designer is released from the constraint that taste imposes. He has huge fun with colour, with patterns, with textures. His collections are alive with visual puns, with wit and – a rare quality in the *tres serieux* world of haute couture – frivolity. What is the point of fashion, he seems to say, if it is not fun, extravagant, seductive, ephemeral?

His clothes are not for the shy or retiring. Beloved of showbiz stars, of the *International Herald Tribune*'s Suzy Menkes, of the East Coast and Texan "Pay and Play Set", they are vibrant, colourful and above all highly feminine.

The new shop will stock a small collection of *haute couture* numbers, as well as a video and photographs, that customers can admire, gasp at, try on and even order. Trying to get a clear idea of what a *haute couture* number really costs is like trying to get a true picture of the state of the Mirror Group pension fund – what I CAN tell you is that suits will start (start being the operative word) at about £2,000.

The *prêt-à-porter* collection is a little more affordable with suits starting at £950, dresses at £657, skirts at £120. Then there are the distinctive accessories which offer a little of the Lacroix glamour for much, much less. You could buy earrings for £49, brooches for £39 upwards, gloves for £135 (not just any old gloves, these may well be gauntlet or brilliantly coloured or highly embroidered), or shoes (again embroidered) for £102. And even more affordable, roughly 20 per cent less than the *prêt-à-porter* prices, is the Pre-collection, offering cruisewear in winter and less formal spring and autumn wear.

Soft, wide trousers are a strong theme this winter, shown here in light beige and peach wool teamed with a jacket

Suited to the high life

ALL OF France has been panic buying this month as the lorry drivers' blockade led to fights in supermarkets and queues outside petrol stations. But the well-shod shoppers on the rue Cambon in Paris have been fighting for something else – Chanel suits.

We are not talking about summer suits for a sultry July day, but winter suits, costing at least £1,200 each. Chanel's autumn collection arrived at its flagship shop at rue Cambon a couple of weeks ago – and the shop has been besieged ever since.

Before I moved to Paris I always wondered why no Chanel shop I visited had the groovy jackets that I had swooned over in *Vogue* magazine. The answer is that they sold out before they got to the shop.

Shopping at Chanel is not like ordinary shopping. First, you have to be rich enough – or, like me, crazy enough – to spend £1,200 on a suit. Second, you must go to 31 rue Cambon to spend it. Chanel owns 68 shops worldwide, but these tend to sell its classic styles. The *really* good stuff is only sold at rue Cambon.

Perhaps, like me, you expect to be able to saunter into rue Cambon for your outfit early in the season – perhaps September for the autumn collection, or February for spring – after you have flicked through the fashion magazines. Forget it.

Chanel receives just *one* delivery of each style, each season. Once it sells out, it cannot be re-ordered – and the best styles sell out immediately. This is because the rue Cambon *vendeuses* tip off regular clients in advance, and also send them a catalogue. If they spot anything they want, the clients ask their *vendeuse* to reserve it. (They can cancel the order, but if they cancel too often, the *vendeuse* might not be quite so helpful next season...)

That is why the hottest lines – certainly those in standard size 38s and 40s – never get into the shop, and that is why rue Cambon will be virtually bare by September.

You might think that this sort of behaviour went out of fashion at the end of the boom-time 1980s or that, even in France, where Chanel is a national institution, the recession would have dented demand for £1,200 suits. Not so. Chanel deliberately cultivates an aura of exclusivity, and it is house policy to under-produce the collection.

The policy works. I had coveted a black bouclé Chanel suit with funky gold zips ever since I saw it at the *prêt à porter* show in April. As soon as supermodel Linda Evangelista sashayed along the catwalk, I knew that I *had* to have that suit – whatever it cost.

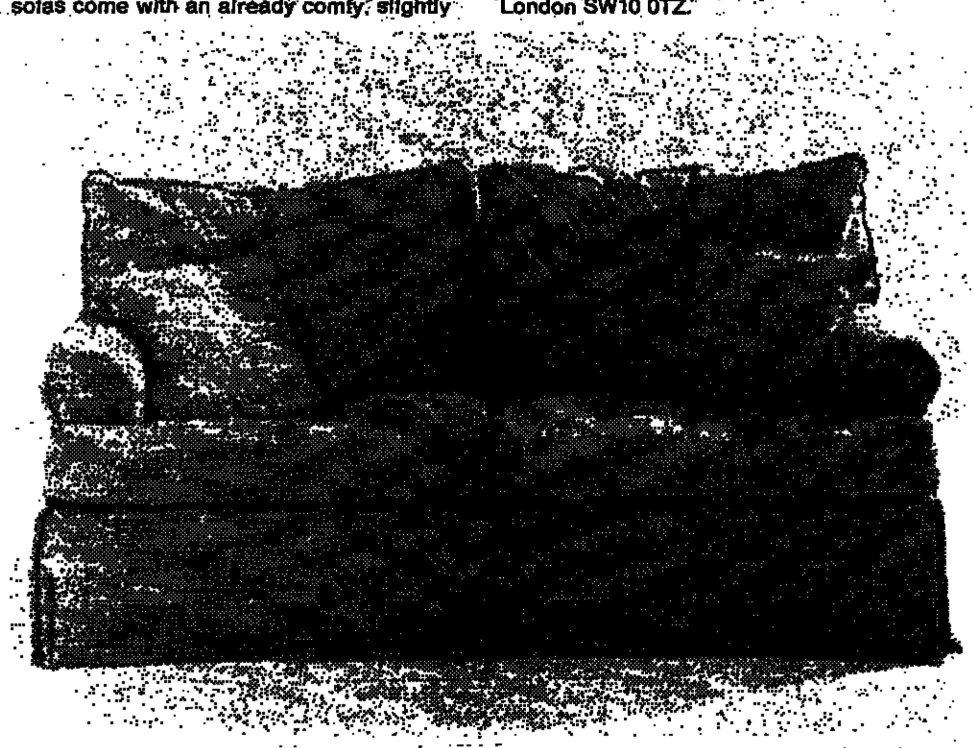
Chanel posted its catalogues three weeks ago. The collection arrived at rue Cambon on the following Monday. I hit the shop at opening time on Tuesday – and got my suit. It was the last one left in a 38 and, judging by the squeals in the stockroom, my *vendeuse* had to fight another sales assistant for it. She returned triumphant to tell me how lucky I was to have the honour of spending most of my disposable income on it.

Another woman was almost in tears, having pointed to jacket after jacket only to see the *vendeuse* shake her head and mutter the fatal word *"fini"*. Chanel, at 31 rue Cambon, had already sold most of its winter collection, in July, after just one day on sale.

Alice Rawsthorn

A well-worn air of comfort

Shabby Chic is the name of a new franchise operation selling hand-made (in Lancashire) sofas with a wonderfully over-sized, old-fashioned, comfortable air. Frames are made from European hardwoods, seats and backs are hand-sprung and covered with hair, hessian and felt. The fabric is pre-shrunk pure cotton and comes in soft, washed plain colours like ice blue, sage green, flame and dusky pink so that the sofas come with an already comfy, slightly worn air – no danger of that "straight from the shop window" look. Shabby Chic these days does not come cheap – at £1,595 for a two-seater sofa, £1,700 for a three-seater and £1,145 for an armchair these are at the expensive end of the spectrum. However, the shapes and sizes have an air of splendour and comfort that is often hard to find. Shabby Chic is at Unit G06-G07 Plaza, 535 Kings Road, London SW10 0TZ.



The complete work of Shaker

The Shaker shop has produced an enchanting little book illustrating the full range of Shaker furniture. Half catalogue, half Shaker manual, the booklet is illustrated in the simple naif style of Henry Lapp, an Amish craftsman, and captures the simple lines and pleasing proportions of the pieces, from four-poster beds and wardrobes to hanging shelves and lengths of pegrail. The booklet is beautifully produced and the text perfectly illuminates the connection between the austere beauty of the furniture and the community from which it came. £3 from Shaker, 25 Harcourt Street, London W1H 1DT.

Subtle checks for artful interiors

Lovers of Shaker furniture will probably like the new range of checks, plaids and stripes that Sanderson, the furnishing fabric house, has brought out to meet the new feeling for simpler, less elaborately furnished interiors. These are not crisp, innocent or sunny checks but sophisticated, subtle, subdued versions suitable for artfully simple interiors, where white walls are perfect backdrops for good pictures and fine furniture. The fabric is a tough, hard-wearing 54 per cent cotton and 46 per cent Modacrylic in a variety of colour combinations – plain cream teamed with sage green, dusty pink or dark blue or combinations of navy, beige and cream, dark green, beige and cream, dark red, dark green and cream. At £23.95 a metre simplicity does not come cheap these days. Checkmates, as the collection is called, is widely available – call 071-636-7800 for your nearest stockist.

Holiday wrinkles

IF YOU are packing your bags and heading for costa or plage then you will not need to be told that too much sun is very *démodé* these days. Not only will too much sun age the skin as surely as it wrinkles the prune, but it is dangerous to boot.

Now that we have got that out of the way, on to the good news – these days there is a vast range of sophisticated products that cater for every niche problem which the holiday in the sun or by the sea is likely to raise.

Tired of suntan oil getting in your hair, on your clothes and on to the sandwiches? Estée Lauder's oil-free spray is the sun protection for you. With an SPF (sun protection factor) of 8 (not high enough for very pale skin or babies) it really is light and is quickly absorbed into the skin. (£12). For babies or very delicate skin go for a complete sun block – Lauder's Baby Block, for instance, has a 20+ protection factor. (£15).

Lancaster is another good name to look for. This summer it has developed three products with bio-Melanin that give increased protection from UVA rays, such as Melanin Sun Wrinkle Cream (SPF 8) which can be worn under make-up and costs £21 for 50 mls. Also useful are the Melanin Lip Protector (SPF 12), £8.50 and a light, non-oily Sun Eye Treatment (SPF 8) aimed at the delicate eye area, £10.50.

LvdP

If you need a friend, lean on me

***Henry Edmunds** whittles a new collection of blackthorn sticks*

THROUGH AN accident, an old and treasured Irish blackthorn walking-stick came to a sad end a few years ago. I set out to buy a replacement but had no luck, in spite of a wide search.

As the sloe or blackthorn (*Prunus spinosa*) is widely distributed in local hedges and thickets, I then decided that it would not be too difficult to find, cut, cure and trim a suitable piece growing in the wild to form another walking-stick, tailored exactly to fit my hand and length of leg.

Winter was obviously the best time, for only then could one see potentially suitable pieces. However, I quickly ran into a prickly problem: while the textbooks I had read faithfully recorded the existence of thorns on the branches, they failed to mention their number, length or spear-like sharpness, which easily penetrated ordinary clothing.

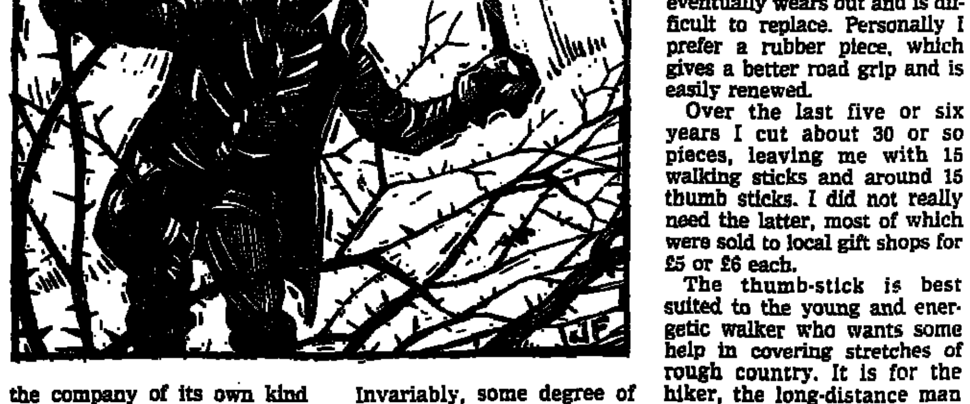
So very early experience indicated that protective clothing was a must, starting with a stiff pair of leather gloves, a thick oilskin coat and rubber boots. I began to understand why blackthorn sticks were so scarce, compared with hazel, which can be cut with relative ease.

More often than not a good deal of preliminary clearing had to be done even to reach a likely-looking piece. This meant secateurs and a small handsaw to remove obstructing growth and, later, to trim the thorns once the stick had been cut.

It soon became obvious that pieces of walking-stick potential were few and far between. On the other hand, lengths for shorter thumb-sticks were more numerous.

Railway embankments turned out to be relatively good areas. This does not mean that sticks were plentiful, but an afternoon's search sometimes resulted in one or two lengths, of about 50 in, with thumb-stick potential. Other fruitful habitats were the overgrown gardens of derelict cottages, the result of rural depopulation.

No difficulty existed on farmed land, especially in isolated thickets distant from the farmhouse. The specie prefers the company of its own kind and, if left undisturbed, eventually spreads to formidable dimensions.



This was the kind of place that produced shapes best suited for walking-sticks of about 36 in length. Not only had the length and thickness of the stem to be of the right dimensions, but it also had to be growing off another branch – an angle of 90° provided the very best handgrip.

As thumb and walking-sticks are derived from natural growth no two were ever exactly alike, for Nature abhors uniformity. Each required individual treatment in the seasoning process.

Invariably, some degree of straightening was required, which was best done before the sap had dried out. Most pieces responded to knee pressure which, provided it was gently applied every two to three days over four to six weeks or so, removed most of the bends. If left longer than this, the stems cracked easily on surprisingly little pressure, especially stems for mature walking-sticks.

During the drying out, all thorns were taken off. Blackthorn, properly seasoned after about six months, is an extremely tough wood, so any manicuring of the stems proved much easier in the early stages. They also needed some sandpapering to smooth any rough edges before the final treatment with three or four coats of clear varnish. Each took took about six months on-off work from start to finish.

The choice of ferrule is a matter of individual taste. A metal one may look neat, but it eventually wears out and is difficult to replace. Personally I prefer a rubber piece, which gives a better road grip and is easily renewed.

Over the last five or six years I cut about 30 or so pieces, leaving me with 15 walking sticks and around 15 thumb sticks. I did not really need the latter, most of which were sold to local gift shops for £5 or £6 each.

The thumb-stick is best suited to the young and energetic walker who wants some help in covering stretches of rough country. It is for the hiker, the long-distance man who thinks of miles per hour. The walking-stick, on the other hand, is for those of mature age. It is a product of dense thickets, often showing the scars, sometimes very deep, of its fight just to survive.

A glance at any stick will tell you immediately what sort of passage it has had through life; the phase of smooth uninterrupted growth as well as the friction inflicted by other vigorous stems in the upward drive for sunlight. There is an understanding and mutual respect between a man and his stick. Before long, it ceases to be a mere prop and becomes, instead, a true companion.

Europe's adolescent identity crisis

***Jackie Wullschlager** is enthusiastic about a provocative cultural history*

THE FIN-DE-SIECLE CULTURE OF ADOLESCENCE
by John Neubauer
Yale £18.50, 288 pages

FROM *Sons and Lovers* to *Lolita*, from the Beatles to Barbie dolls to pop art, will our century be remembered as the age which glorified adolescence, just as the Victorians idealised childhood?

Cyril Connolly, in his famous description of the "permanent adolescents" who emerged from Eton, claimed that the British public school produced a ruling class "adolescent, school-minded, self-conscious, cowardly, sentimental and in the last analysis homosexual".

John Neubauer, in this engaging account of how the idea of adolescence entered western culture at the turn of the century, casts the net wider to suggest that adolescence became an obsession in literature, painting, psychology, sociology and pedagogy across fin-de-siècle Europe, inspiring cultural icons in English, French and German.

This is first class, provocative cultural history. The term adolescence, seldom used before the end of the 19th century, became trendy among psychologists in the 1900s. Around the same time a bevy of bewildered and narcissistic teenagers entered literature – in Thomas Mann's *Tonio Kroger*, Robert Musil's *The Confusions of Torless*, Colette's *Claudine à Paris*, Joyce's *Portrait of the Artist*, where Stephen Dedalus is caught, like most of the others, in a conflict of the bourgeois versus the Bohemian.

The fragmented form of modernism, suggests Neubauer, is particularly suited to representing the fluctuations and divisions of the adolescent mind; it is also, like teenagers, self-conscious and often narcissistic in style. The portrait of the emaciated girl with frightened eyes staring out of Munch's *Puberty* (1895) is a landmark in the painterly treatment of adolescence. The pain of transition, the embarrassed girl hiding her body, the dark shadow behind her symbolising male sexuality, all the themes which Kirchner, Kokoschka, Heckel and other expressionists developed are there.

Pechstein, who recruited teenage models to pose nude on a riverbank near Dresden, was arrested while his subjects had to swim to an island to avoid the local police. And Egon Schiele's drawings of pubescent girls, suspended in a vacuum, unmitigated by Kokoschka's backgrounds or Klimt's decoration and often homoerotic, got the artist thrown into jail. Yet the adolescent identity crisis became almost a signature of fin-de-siècle Viennese art, reflecting a doomed Habsburg heritage.

In England, meanwhile, the lush Edwardian summer was continuing with those idylls of innocence, *The Wind in the Willows* and *The Secret Garden*. Neubauer does not mention them, but explores how the garden, a symbol of childhood, gives way to adolescent settings- the playing field or the room of one's own, the crustacean defence of Tonio Kruger. The literature of adolescence is about banishment from the garden – the lost domain of Alain-Fournier's *Grand Meaulne*. Instead, sports field culture brings cliques and peer pressure: boarding school stories, Kipling's *Stalky & Co*, Gide's more menacing gang in *The Counterfeiters*.

The imperialist answer was male bonding – Baden-Powell's Boy Scouts and the German Wandervogel were just two of many adolescent groups founded around 1900. Much has been made of the Wandervogel as fodder for Hitler, but Neubauer shows that both groups shared a balance between militarism and a nature-loving interest in the outdoors. I would have liked a more anecdotal approach in such places: Baden-Powell, the "Boy Man" used to sneak round to Charterhouse to watch naked youths being photographed, and saw Peter Pan on successive nights because the eternal boy so moved him; did his continental equivalents have similar habits?

There would also have been room here for some exploration beyond the rigorously aesthetic which Neubauer does so well. The Edwardian cult of the young man, for instance, almost certainly contributed to the enthusiastic response to war in 1914. Rupert Brooke's famous sonnet welcoming the outbreak of hostilities "as swimmers into cleanness leaping" suggests that, for the former public schoolboy in a culture which made a privilege of youth, there was nowhere else to go but boyish martyrdom; were there parallel cultural forces elsewhere in Europe? Such questions pay tribute to Neubauer for opening up in this book a fascinating topic with impressive range and an easy and lively erudition.

Why the real live spark is missing

***Isabel Quigly** has her hopes of an eccentric talent dashed*

CURRICULUM VITAE
by Muriel Spark
Constable £14.95, 213 pages

MURIEL SPARK'S name was put on the map by *The Seraph and the Zambesi*. She awoke one morning and found herself famous – at least among readers of *The Observer*, whose short-story competition she had won out of 6,700 entries. That was in 1951, and the story still seems memorable, containing the mixture of themes, moods and tricks that has characterised her fiction ever since.

With hindsight, even its title seems prophetic, the mystical and the exotic being coupled as they are in her personality and in everything she writes. For however much she may make literary use of the facts of her life – people, situations, places – she is no realist: her strength lies in the bizarre, the unexpected, the contrived, in the sheer quirkiness of her vision, a sort of psychic squint that distorts, often beguilingly, the everyday world and our boringly accepted expectations and emotions.

Which may explain the disappointing result when she recalls her life straight, in an autobiography. For the Spark view to work its magic, as it often does in her fiction, we need to know that there stands between her and us an acerbic irony, that glinting, glittering eyesight that dazzles and blurs, that combines the sacred and the profane, that shocks and delights and never quite gives away where the author stands or what is expected of the reader.

The first half of *Curriculum Vitae* deals with childhood and adolescence in Edinburgh. It is hard to pigeon-hole the family socially: of modest means and ambitions, it seems to have been happy and hospitable. That the remarkably gifted daughter left school for dull secretarial jobs, without university, seems to have worried no one, not even the daughter, born Muriel Camberg. Her father and her maternal great-grandfather were Jewish, and her son, as she puts it, "decided to be a Jew."

Her mother's family, with the exotically unpronounceable name of Uezzell, kept a small general shop in Watford. The early years are recalled affectionately, with attractive titbits of social history. Fans of Miss Jean Brodie will relish the account of the schoolmistress on whom she was closely based, Miss Kay, clearly a spellbinder, even if she pinned a picture of Mussolini's marching Fascists up in the classroom.

But in all this there is nothing very remarkable. Anyone born in 1918 is bound by now to have things of social interest to recall, and the long-winded recollections of school are, apart from the specialised interest of the Miss Brodie original, not all that different from Old Girls' accounts of teachers and jolly japes in school magazines.

Then comes adult life, and here the inability to treat facts satisfactorily is startling: all the more so when you have read how carefully (memory being the weak and guileful thing it is) Spark treated her past and how determined she was to use nothing unsupported by documentary evidence. On the one hand, there is a reserve that suggests autobiography is impossible, a lack of candour about almost everything important, certainly every close relationship; on the other, a mass of detail, trivia, self-justification and petty retrospective revenge.

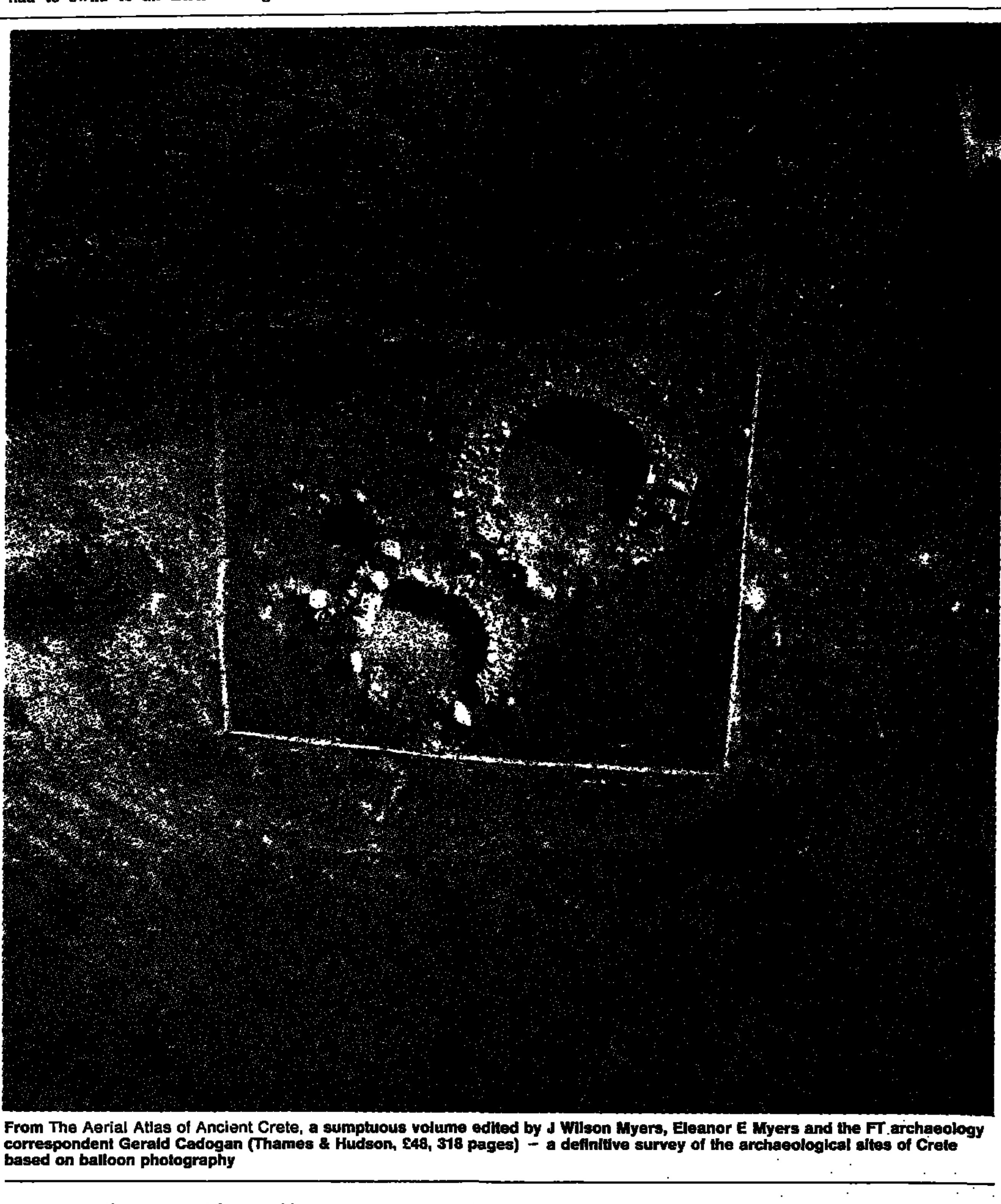
A long section is devoted to Spark's editorship of the *Poetry Review* and her stormy relations with the Poetry Society. Old scores are settled 45 years on, old letters quoted at length, old battles refought, and an often-embarrassing retrospective view of the author as wronged heroine (young and pretty, as we are told in so many words) makes one wonder how someone so obviously aware of others' reactions can play into her readers' hands, raising hackles, arousing suspicion of motives and memories.

If they had been seen askew with the fictional Spark eyesight, that magical, malicious blend of skulduggery, spirituality and exact detail, and without personal, acknowledged involvement, these years might have made a dazzling story: her picture of Marie Stopes, for instance, is Swiftian in its venom but spoiled by complacent comparisons between the appalling old woman and her own fresh and perky young self. Smugness, even at a distance, is never a pretty sight.

Then there is the lack of exploration about almost everything. At 19, Muriel Camberg became engaged to a man she met at a dance and knew little about, with the fictional-sounding name of Sydney Oswald Spark, "or S.O.S, as we called him." "It was a disastrous choice," she tells us. "... The poor man had mental problems, not obvious at the time." And that is more or less all. Of the marriage, which soon crumpled, and the son it produced, we are told almost nothing. When the child was five, he was left in the care of nuns in Rhodesia, while his mother took off for wartime Britain: "My plan was to prepare for Robin to go and live with my parents, who were pining to have him." Eighteen months later, he arrived and his grandparents took him over. Of what his mother felt in all this we are told nothing.

The writing itself is disappointing – names often repeated where a pronoun is needed, punctuation inexact, a general air not so much of fluency as of carelessness. Certain words pull one up: "boyfriend," for instance, anachronistically and even confusingly used in the 1940s and 1950s. Descriptions are often so vague as to be meaningless: "a young, very pretty and natural woman," "a fine couple from Mauritius," "a clever English society woman." Spark has said that she writes as if addressing a friend and there is much in human terms to recommend this, for warmth, immediacy and simplicity. But even letters to friends, however unpretentious, should surely be stylistically a pleasure.

So, all in all, a case of hopes dashed, for the thought of an autobiography from such a hand had raised them high. This is the first volume, taking us just over halfway through the life, with Spark on the brink of fame and fortune and expatriate life, rocketing into the curious world of international celebrity. All this her novels have richly deserved: for wit and originality, variety and inventiveness, they have no current equal. Their world is conjured outside and beyond the humdrum one of facts and events; on what merely happened in real life her gloriously eccentric talents, it seems to me, are wasted.



From The Aerial Atlas of Ancient Crete, **a sumptuous volume edited by J Wilson Myers, Eleanor E Myers and the FT archaeology correspondent Gerald Cadogan (Thames & Hudson, £48, 318 pages) – a definitive survey of the archaeological sites of Crete based on balloon photography**

The frontiers we are left to explore

***Gary Mead** picks four books which find new areas of discovery*

CHASING MAMMON – TRAVELS IN THE PURSUIT OF MONEY
by Douglas Kennedy
Harper Collins £14.99, 207 pages

FORGOTTEN FATHERLAND: THE SEARCH FOR ELIZABETH NIETZSCHE
by Ben Macintyre
Macmillan £17.50, 256 pages

WALL TO WALL: FROM BEIJING TO BERLIN BY RAIL
by Mary Morris
Hamish Hamilton £14.99, 259 pages

THE DUKE OF PUDDLE DOCK
by Nigel Barley
Viking £16.99, 276 pages

IN VERY different but equally successful ways these four books disprove the notion that there is nowhere fresh to travel for exploration and adventure. Simply travelling up the Orinoco by dugout canoe is no longer enough – there must be a point beyond casual adventurism. What is left to discover is a sense of history, and an understanding of the self.

Douglas Kennedy prefers to explore a metaphorical rather than literal jungle, tracking down the semi-wild beasts who inhabit the trading floors of the London, New York, Budapest, Sydney, Casablanca and Singapore bourses.

As a man who admits to being regularly short of the readies, Kennedy is fascinated by those who spend the bulk of their lives making fortunes through the high-stress, high-fallout business of trading bonds, futures and other securities. He discovers that the majority of his encounters are with sad people who vaguely sense that they are missing out, though what it is they are missing neither they nor Kennedy quite pins down.

Perhaps they would have been even more unhappy without their fabulous wealth? In any case, although Kennedy chases mammon with vigour, the god's secret mysteries entirely evade both him – and the reader.

The traveller who craves discomfort, difficulty and oddness is faced with an ever-shrinking world. But in desperate times one can always head towards Asunción, Paraguay's steamy capital.

Ben Macintyre tracks down the squalid remains of the anti-semitic colony established by Elisabeth Nietzsche (sister to Friedrich) and her suicidal husband, Bernhard Förster in 1886, hundreds of kilometres north of Asunción. There, at a spot they called New Germany, the pathetic handful of social misfit would-be colonists tried to eke out a living in a jungle which seemed to permit only one crop – yerba, the leaves of which are infused to create a mildly intoxicant tea. But an uncomfortable trip up the Paraguay river to find the crumbs of a 100-year-old settlement of crazies would be thin stuff; what gives the book the extra frisson is the Nazi claim that the philosopher Nietzsche inspired the national socialist movement.

Friedrich Nietzsche's hatred of anti-semitism is well-documented by earlier writers and Macintyre has no really new light to throw on that issue. But he carefully tracks the steps of Elisabeth Nietzsche, a thoroughly sycophantic charlatan and fraudster, and he writes with grace and humour. When he finally arrives in New Germany he discovers a profound irony; despite once having provided sanctuary for Hitler's eugenics expert, Josef Mengele, the colony's determined in-breeding has produced drooling half-wits, hastening its extinction.

In the course of travelling across the Soviet Union by train from Beijing in 1986 Mary Morris hears of the Chernobyl nuclear accident. Intent on tracking down the spot near Kiev where her grandparents lived, Morris abandons that when she realises she is pregnant. She then continues her train journey through Poland and into a pre-united Berlin.

Suspicious readers might, from that sketch, imagine we are into the special preserve of personal psychotherapy via Rough Guides to former socialism. But that is unfair to what proves to be a memorably touching documentary of a woman's brave decision to travel alone in very difficult places. Morris has some ghosts to exorcise, and she does so with remarkably clean, polished prose. Along the way there is a collection of useful reminders of the infuriating bureaucratic pains – as well as rare pleasures – involved in travelling off the beaten track.

Besides being assistant keeper for north and west Africa at London's Museum of Mankind, Nigel Barley is clearly a humorist manqué. His excuse for a romp through Indonesia and Malaysia is to track the steps of Sir Stamford Raffles, who added to his explorations of Java and Singapore the founding of London Zoo – all before he died, aged 45, in 1826.

But like Morris, Barley is as concerned to explore current society and his reactions to it as to delve into the past. His putative subject – Raffles – is not something to be fixed in place like a dead moth, but wriggles and twists beneath the probing pin, changing according to circumstances and viewpoint. The pleasure of all four books is that they do not just record history; they capture it moving beneath our feet.

FT Children's Book of the Month

Strangers in a strange land of wonderment

***Michael Glover** hails a fruitful novel of imaginative tension*

SO FAR FROM SKYE
by Judith O'Neill
Hamish Hamilton £8.99, 204 pages

THE GUYANESE poet John Agard once called the interior of his own country "a hinterland of wonder". What he was trying to express by that evocative turn of phrase was the imaginative implications of having been born in a place that consists of a narrow coastal littoral, relatively easily and quickly tamed by all the marvellous resources that human beings seem to have at their disposal and, at its back, an untamed and inhospitable interior – rainforest, mountains, impenetrable jungle.

Agard would argue that such contrasting physical features are an imaginative resource whose value and importance to the writer are inestimable. All he or she knows is that it is *there*, within and without, that other world at one's back, just as surely as those forces of unreason that make war upon our own sense of order and propriety, just as certainly as the id is locked in perpetual combat with the superego.

Australia is such another place, a world where the sophisticated society of Sydney rubs shoulders with a timeless Aboriginal heritage, and that friction has helped to nurture a crop of remarkable children's novelists over the past 30 years.

These include Ivan Southall, known for his compelling and often intellectually demanding adventure stories set in the Australian outback; Patricia Wrightson, whose books have included successful experiments in science fiction and fantasy; and, among a younger generation of authors, Judith O'Neill, whose novels for older readers have included *Deepwater*, the story of a young girl growing up in a small, tightly-knit community that is riven by jealousy.

All these writers show an awareness of that fruitful imaginative tension between outback and coast; between the claims of the Aboriginal and the often rapacious demands of the civilising settler.

In Judith O'Neill's case, the story is given an extra twist by the fact that her great-great-grandfather, a shepherd and crofter, originally came from the Isle of Skye, and emigrated with his family to the new Colony of Victoria in 1852. This is the seed from which her new historical novel, *So Far From Skye*, a fictional account of the dispossession of the hundreds of Gaelic-speaking families that were obliged to emigrate to Australia in the 1850s, has grown.

To the people themselves, the terrible sequence of calamities in those years must have seemed like a re-enactment of the Book of Job itself: the blight (which destroyed the potato crop); famine; cholera; and then the Highland clearances themselves.

The book centres on the fate of the crofter Donald MacDonald (the name of Judith O'Neill's own relative) from Taliskar, an upright, God-fearing man of the Free Church, and his young family, but we experience it mainly through the eyes of Morag, his courageous and resourceful 13-year-old daughter.

First comes the terrible walk to Portree, with the father carrying his beloved foot-plough and, at his waist, a pouch of black earth from his native village as a talisman. The ship itself, the *Georgiana*, is to sail from Greenock, and it is there that the family comes upon and adopts the ailing baby of a long-lost cousin who is dying of consumption.

On board ship, they are presented with gifts from the Emigration Society – a suit of warm clothes, a Gaelic song book and, most important of *all, a large pair of black* scissors for shearing off waist-long beards and tangled mops of filthy hair. The message is simple: the savages are to be humanised, first by the crudest of physical means, and later by teaching them the Queen's own English.

The three-month voyage is a terrible experience: days of unbearable sickness in which the families lie curled in their cramped berths, gripped by the twin miseries of leaving home and fear of the sea. The captain, a relatively enlightened man, recommends dancing as a cure for melancholia. Towards the journeys' end the mood is lightened by an all-night ceilidh in which the old tales are retold and Alec Matheson rouses the party to a frenzy by scraping on his fiddle.

Morag is astonished to arrive on a balmy October spring day, with the air full of the scent of eucalyptus. This is not the soft, misty beauty of her own beloved Skye but a starker beauty, all brilliant colours and strong light. The final tragedy occurs when the families are divided up as if they were the spoils of war, but at the novel's close the Donald MacDonalds are beginning to refind a sense of themselves in their new home, and Morag discovers in Kal-Kal an Aboriginal friend with whom she has much in common – a strange language; old, compelling stories; and a terrible tale of dispossession...

The historical novel, whether written for adults or children, has a poor reputation for improbable dialogue, stuffed with ridiculously anachronistic speech, inauthentic details, an unacceptable level of violence done to historical truth. Judith O'Neill has made no attempt to reproduce the quaint speech of her forebears. She has researched her material thoroughly and shaped it into a plain, convincing narrative that all good readers of ten and above will find both absorbing and highly enjoyable.

But where is the sauce?

BRILLAT-SAVARIN: THE JUDGE AND HIS STOMACH
by Giles MacDonogh
John Murray £25, 248 pages

IN ANY dispute over the founders of modern gastronomy, Jean-Anthelme Brillat-Savarin would almost certainly be a party – thanks to a small volume he wrote in 1825. Yet, as Giles MacDonogh's engaging if earnest portrait shows, Brillat's *contribution to the culinary* arts was distinctly unlikely.

In essence, Brillat was a rather chubby provincial who happened to live in interesting times. He came from an insignificant town called Belley, in the department of Bourg-en-Bresse, to the south and east of Lyons. Compared to other parts of France, this was a culinary as well as political backwater. With the exception of fine poultry and the fresh-water crayfish which teemed in local rivers and lakes, the area had little of gastronomic distinction to offer.

Brillat was born in 1755 into a relatively prosperous bourgeois family. He read law at the University of Dijon, but dabbled in other subjects, notably medicine and chemistry. He then embarked on the life of a contented provincial advocate. But for the Revolution, says MacDonogh, we *might* never have heard his name. In 1789, Brillat trotted off to Paris as the elected representative of the Third Estate to the Estates General. There followed a turbulent and risk-strewn career, during which he survived constant changes of regime.

All the while, he indulged his passion for food and wine. He also gained from exposure to a range of culinary cultures. A period in exile sent him to America. During the Empire, he mingled with Russians and other exotics. And, doubtless, he read the earliest almanacs and books to explore the notion of gastronomy.

Brillat's hugely influential *La physiologie du goût* was published a mere two months before his death in 1825. It was a commercial success from the start. MacDonogh is at his best describing the book's charms, its egotism, its aphorisms and reminiscences which break up passages of otherwise indigestible science. Brillat deserves his biography. He perhaps deserved a saucier treatment.

Andrew Freeman

BOOKS/ARTS

Science Fiction

Move over cyberpunk, here comes feminism

IF ANY evidence of the genre's extraordinary vitality were needed, it was supplied in spades by Arthur C. Clarke's recent birthday celebrations in Somerset. The great man flew from Sri Lanka to fete his 75th anniversary at his birthplace in Minehead. The week-long party attracted more luminaries of science fiction than you could shake a zap gun at. The Minehead Space Age Festival comprised a tribute to the man who foresaw the era of the geostationary satellite.

What would the author of *2001: A Space Odyssey* make of the season's new offerings? One novel dominates the vista. Marge Piercy's **Body of Glass** (Michael Joseph, 406 pages, £14.99) elevates its author to the pantheon of *haute SF* alongside Doris Lessing and Ursula LeGuin. *Body of Glass* is an outstanding novel in its own right.

The reviewer's reflex, confronted by a novel of this scope and size, is to drone on about the Hobbesian vision of the future it depicts; how it represents a *tour de force* of cyberpunk set pieces (such as the combat inside the computer; the clash with the organ pirates) et cetera.

All this, in the case of *Body of Glass*, would be true, but Piercy's true achievement is to have written a sensitive contemporary novel about a woman assimilating the heartbreak of a failed marriage and scheming to recover custody of her son, and to have done so within the framework of the male-dominated sub-genre of cyberpunk. Now, *that* is extraordinary.

Body of Glass is a remarkable novel, chiefly because it represents a woman invading the male turf of cyberpunk, the principal SF fashion of the 1980s, and reshaping it to convey a post-feminist vision. Cyberpunk's universe, in which computer hackers invade the booby-trapped databases of hostile corporations, and software entertainments plugged directly into the brain keep humanity satisfied and docile, will never be the same.

What gives this novel its edge is the depth of feeling and experience from which characters and incidents spring. The novel's vision of a ruined earth dominated by high tech multinationals is interwoven with a parallel narrative about a rabbi sorcerer's creation of a golem to protect the Jewish ghetto of Prague in 1600, when the Counter Reformation was in full swing. That juxtaposition, oddly effective, sets up touching and thought-provoking resonances.

The denouement of *Body of Glass* would bring a tear to even a cyborg's eye. I have not read a more disturbing or moving novel about an artificial intelligence since Mary Shelley's *Frankenstein*.

Anvil of Stars (Legend/Century, 442 pages, £8.99) consolidates Greg Bear's reputation as a writer capable of audacious imaginative leaps. In *The Forge of God*, he destroyed the Earth, but ensured that beneficent aliens saved many of Earth's children. *Anvil of Stars* describes the odyssey of revenge upon which 82 of those children embark to find and to annihilate the advanced alien civilisation responsible.

Greg Bear has that rare gift: the ability to evoke the truly strange and render it plausible. His aliens are truly alien: the

Martin Mulligan finds a fantasy classic that Arthur C Clarke would have been proud of among a plethora of new releases

Braids, for example, are colony organisms resembling a mass of intelligent spaghetti, social beings down to their constituent cords. They communicate by releasing a range of odours. They are somehow extraordinarily likeable. At no point in *Anvil of Stars* does the suspense flag or the characterisation lapse.

Colin Wilson's **Spider World: The Magician** (HarperCollins, 345 pages, £14.99) deserves mention for its curiosity value. Colin Wilson, the former populariser of existentialist theory, who wrote *The Outsider* in 1956, now writes science fiction for the mass market. Life is strange. So is the plot line of this volume, which concerns the efforts of the human Niall to find the murderers who jeopardise his peace treaty with the planet's dominant race of giant spiders, the so-called arachnids. A friend perusing *Spider World* shortly after the UK election deplored the absence of fuller details about arachnid political relations (do the spiders perhaps inhabit a Cobweb of Independent States?).

Elsewhere, the darker side of Romanticism makes a comeback. Two recent manifestations of it are **Greenmantle** (Pan, 328 pages, £4.99) and **Yarrow** (Pan, 244 pages, £7.99) by Charles de Lint. These sylvan idylls-with-a-difference have a disquietingly sinister element. The psychological premise of these novels about city dwellers being stalked, possessed, even devoured by the pagan spirits of ancient forests is straightforward. The more civilised, sophisticated, and pent up in the metropolis our lives become, the more we yearn for imaginary pastoral and rustic simplicity, and myth and folk tales acquire a special magnetism. Such urban-rural tension can now be exploited as never before and takes strange shapes on the mass market.

So far so good, but what spoils Charles de Lint's at first appealing fiction is the gratuitously nasty erotic element. The writing seems paced so as to caress the reader's sensibilities, then to shock, and finally to inebriate with vagueness. The formula leaves an unpleasant aftertaste which put me in mind of the words of the critic F. L. Lucas (in *The Decline and Fall of the Romantic Ideal*): "I loathe this view of literature as a shelf of bottles each with a different brand of alcohol inside."

The antidote, mercifully, is also close to hand. Terry Pratchett's **Small Gods** (Gollancz, 272 pages, £14.99) extends his Discworld series even further along its comic axis. Laugh? I nearly passed my cigars round. The antics of Brutha, the Chosen One, and his temporarily embarrassed god, Om, who is accidentally marooned in the body of a tortoise, make Charles de Lint's leafy pagan fictions seem etiolated by comparison. If you are unfamiliar with Pratchett's unique blend of philosophical badinage interspersed with slapstick, you are on the threshold of a mind-expanding opportunity. If you have already entered his Discworld, you have another treat in store.

Emerald City blues

"WHEN I first saw *The Wizard of Oz*", claims Salman Rushdie, "it made a writer of me." Can he ever forgive it? To Dorothy, to Toto, to the Cowardly Lion, he owes his exile from human society, from which he now sends a love letter – or a castaway's note in a bottle – that sees print as one of four pilot volumes in a new series of "BFI Film Classics."

Rushdie's 64-page essay on *The Wizard of Oz* joins Penelope Houston on *Went The Day Well*, Edward Buscombe on *Stagecoach* and Richard Shickel on *Double Identity*. Three great films and a British curio, Houston picking the Graham Greene-based wartime thriller about Nazis infiltrating an English village.

The books are a splendid start to the series of 360 movie monographs promised: part of a tie-in enterprise with the National Film Archive aimed at celebrating a pantheon of world cinema. Fashioned on an all-you-need-to-know principle – production history, critical analysis, popular response – the style is flexible enough to allow each author to write to his/her strength.

No doubt the volume quickest to be whittled down in the bookshops will be Rushdie's. Such is the fame of the fatwa'd. His essay exists on a more mystical plane. Instead of seeing one film in *The Wizard of Oz*, Rushdie sees a dozen. A film about childhood, about Hollywood, about good and evil; a film that embodies for him the West's answer to the garish Hindi musicals he grew up with.

Rushdie likes fancy and surmise as much as provable fact. He perpetuates the doubtful tales of munchkin actors running amok in Hollywood. At the end he launches into a series of *Wizard of Oz*-inspired prose poems – if anyone should have his poetic licence extended rather than endorsed, it is this writer.

BFI FILM CLASSICS
BFI Publishing, £5.99

GEORGE CUKOR: A DOUBLE LIFE
by Patrick McGilligan
Faber £16.99, 392 pages

MARILYN'S MEN: THE PRIVATE LIFE OF MARILYN MONROE
by Jane Ellen Wayne
Robson Books £16.95, 236 pages

MARILYN: THE LAST TAKE
by Pete Brown and Patte Barham
Heinemann £17.50, 486 pages

"A minor book full of fourth-rate imagery." Thus George Cukor on *The Wizard of Oz*, soon after he was hired and fired as one of its four directors. But then a fairy tale like L. Frank Baum's was perhaps too close to home for this film-maker. As biographer Patrick McGilligan explains in *George Cukor: A Double Life*, Cukor was Hollywood's only major gay director and "that fairy" was a frequent *casus belli* comment prompting a bust-up with a star or Cukor's exit from a movie. Most famously from *Gone With The Wind*, which he left after Clark Gable objected to his spending more time fussing around Vivien Leigh and her wardrobe than honouring the film's action and spectacle elements.

But what would one expect from a man who made the best women's pictures in Hollywood history? Garbo in *Camille*, Hepburn in *The Philadelphia Story*, Garland in *A Star Is Born*: all excelled in the intelligently cosseting conditions Cukor created on set.

McGilligan's only faults are that he overdoses us on the gay tittle tattle, and like every Cukor apologist he overstates the case for *A Star Is Born*. Less a masterpiece than a glamorous melodramatic sprawl, it embodies, even as it claims to chastise, that uncontrolled cosmos known as the entertainment industry.

One star flung way out of orbit by it was Marilyn Monroe. The Marilyn factory is at it again on the 30th anniversary of her death. Is there any conspiracy material left to find or invent? Yes indeed. Of the first two books into the shops, Jane Ellen Wayne's *Marilyn's Men: The Private Life of Marilyn Monroe* digs up an early husband and swears him in on the witness stand. Book two, *Marilyn: The Last Take*, probes the poor girl's final weeks in exhausting detail.

Wayne's book, written in tabloid prose, dubs Monroe "tragedy's child" and presents her as a victim of the casting couch who in her "hunger for love" became addicted to her own humiliation. But rather than exploring the complexities of Monroe's personality, the book merely pastes up the old scandals, along with new asides from the ex-spouse.

Pete Brown and Patte Barham have done more homework, but they too end up with tunnel vision. They see government conspiracy everywhere, in an unlikely alliance with 20th Century Fox. That studio abandoned the star's last film, *Something's Got To Give*, when an already unreliable Monroe dashed off to sing "Happy Birthday" to JFK at Madison Square Garden. Fox was already in trouble with *Cleopatra*, as the authors explain at excessive length: sometimes the book reads like a Taylor biography.

Alas, poor Marilyn. Whether she killed herself or was murdered, she was already well advanced on the road to destruction. My theory is that she was a frail soul exposed too long to the stroboscopic life of the superstar: that merciless alternation between mega-watt attention by day and lonely self-confrontation by night. Few but those fortified by their own ambition and narcissism can survive. Marilyn Monroe, to her credit, may have had too little of either.

Nigel Andrews

Off the Wall

A festival that flourishes for the fully-funded Finns

IT IS OBVIOUS, really: if you want to start a flourishing opera festival, choose the most remote spot and avoid public funding. All the opera houses in trouble seem to be heavily subsidised buildings in the midst of a vast catchment area.

In the UK, Glyndebourne excels among the downland sheep of Sussex, and in Finland the Savonlinna Festival, by the Russian border in dreamlike lake country, is this month celebrating 25 successful years.

Savonlinna tries hardest. As you idle by the water in the attractive holiday resort you are approached by one of a brigade of young lads selling tickets, at up to £50, for that night's performance. There are 2,200 seats to be filled, and with the Festival dependent on box office, and its marketing activities, for almost 90 per cent of income, there is every incentive to whip in an audience.

Most need little persuasion. Although eastern Finland is hardly on the music lover's Grand Tour, Savonlinna has one unrivalled asset – its performances take place in the grandest of Scandinavian castles. Olavinlinna was built in the 15th century to keep out the Russians. It did not always succeed but it managed to avoid a heavy pounding. Its courtyard, covered by an awning, today seats an opera audience, while the singers perform against the wall of the keep.

Without the castle there would be no opera in Savonlinna. Indeed, it was as a symbol of Finnish resistance and independence that the first Festival was held there in 1912. Finnish music, especially patriotic opera based on folk lore, played a key role in developing the national consciousness which secured independence from Russia in 1917 when the Government in St Petersberg had other worries. In the five brief seasons before the Great War the audience negotiated a perilous channel which separated the castle from the mainland. Some opera lovers were swept to their deaths in their quest for music. Today a bridge leads to the island.

Modern Savonlinna started in 1967 as a modest summer music school. Today it is a power house of the opera world. It has helped promote the works of Finnish composers like Kokkonen and Sallinen while developing an international dimension. This month the Opera Ebony from New York presents *Porgy and Bess*. Its large box office take enables Savonlinna to pay composers well: it is a rewarding commission.

With such a location Savonlinna has a weakness for operas (and they are not rare) with castellated settings. This season it has revived the classic fortress opera *Fidelio*, but the popular favourite, brought back this July by public demand, is *The Magic Flute*. This 20-year old production, directed by August Everding and sung in Finnish, has come to epitomise opera, and the Festival, for many. It is like an annual pantomime favourite: old timers complain that the fixtures and fittings are not as glamorous; the costumes not as brilliant; the thunder and lightening not so clamorous than in the past, but on first view this is a light-hearted *Flute*, which speeds merrily along.

There are idiosyncracies which cause some lip biting – the blacked-up Moors seem out-dated and the three boy cupids are less than magical in jeans and Red Indian head-dresses. But Jorma Hynninen, the artistic director of the Festival, has wisely cast himself as Sarastro to provide a solid heart to the opera.

As well as popularising Finnish composers Savonlinna, like Glyndbourne, breaks unknown singers. This season's find must be Soile Isokoski, a thrillingly-voiced Pamina. The Festival is also bolstered by the freak good fortune of a superb acoustic and the fact that professional Finnish musicians and singers are happy to take a working holiday in the orchestra and the chorus.

Finnair offers a package from Helsinki which flies you to Savonlinna, provides you with a ticket, a dinner in the castle, and a flight back for £190 – just about the sum you will pay for (perhaps) seeing Pavarotti at Covent Garden.

■ ■ ■

Isn't it time for an end to the baiting of Jeremy Isaacs, director of Covent Garden? Talk of disquiet among his board, and the opposition of the UK's Heritage Minister, David Mellor, has been overdone. In the last few months, helped by a run of artistic successes, Isaac's position has strengthened.

He is prepared for another stint at the Opera House when his contract expires in 18 months, seeing the House through to its 1997 closure for re-building. Both Isaacs and Mellor are playing down any differences between them. If Isaacs can persuade his staff to accept a wage freeze in 1993, without precipitating a revenue-wrecking labour dispute, his position will become even more secure.

■ ■ ■

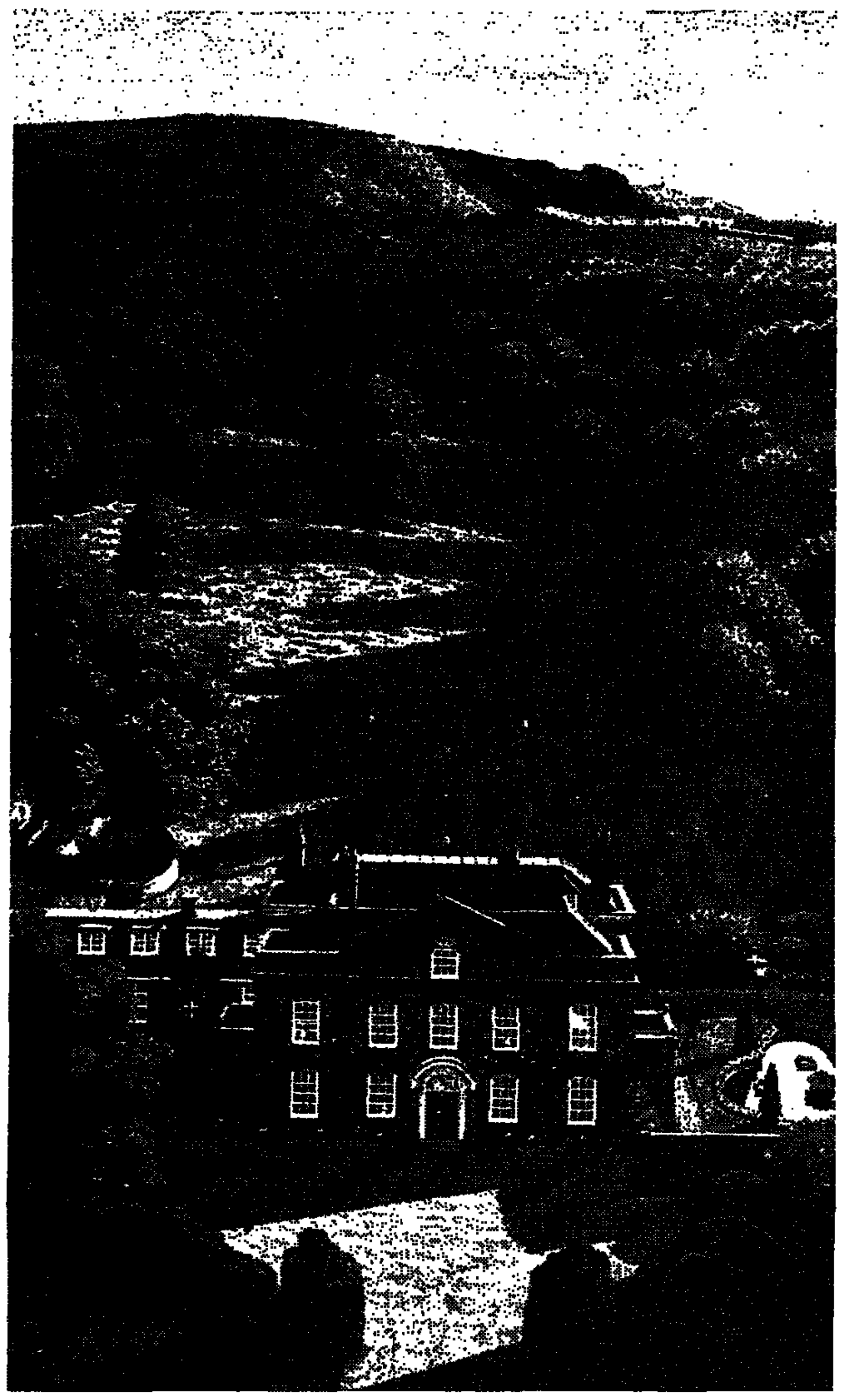
Perhaps the problem with the art market is not reluctant buyers but misguided gallery owners and artists? While some big galleries have failed to sell a picture in two months, Deborah Gage of Bond Street had disposed of 46 out of the 50 works on offer in her summer show, which ends next Saturday.

The artist on display is Joanthan Warrender, who paints bird's-eye views of some of the grander British country estates. Warrender has revived a tradition last popular in the late 17th century when the new rich liked artists to capture every sheep, every servant, in their charge. He has tapped a generation of estate owners willing to pay more than £30,000 for a minutely accurate pictorial audit of their holding. At Deborah Gage's gallery are 17 such panoramas (not for sale) plus 50 preparatory sketches which are on offer, mostly for under £1,000.

Among the houses immortalised are Stowell Park, the home of the Vestey family, Courteenhal, where the Wakes have lived for centuries (the current Sir Hereward is just glimpsed on the canvas exiting left, a tiny dot taking his horse for a canter) and Cawdor castle in Nairn. Surprisingly, many of Warrender's commissions come from old families. He spends summer months familiarising himself with the properties, down to the sheep dogs and garden parasols, and completes the scene in his studio in the winter. His latest commission is municipal – in the gallery the town of Ayr is taking shape, immortalised on a summer's day in 1992.

Obviously Warrender appeals to a conservative, ordered, view of art, a view with a large following of collectors who keep the faith while patrons of contemporary art lose confidence as the critics lead them on to yet another spiritual dead end.

Antony Thorncroft



Kirkby House, Inkpen, by Jonathan Warrender, an artist selling well in Bond Street

Radio

Your starter for ten

FOR THOSE still able to get a laugh out of finance, Radio 4 has devised *The Board Game*, Mondays, repeated late the following Sunday – a quiz like the sports quizzes, where players are more likely to score with an able memory than an ace service. Here are some sample questions.

To what financial figure would you ascribe this extract (actual) from a speech? What is meant by red bits, me-too products, PIMS? How do you interpret the body-language of applicants for jobs? How will you explain your apparently disloyal behaviour? Neil Koenig, the producer, knows what he is about, and the players are quick on the ball.

On Thursday Radio 4 gave us *Blood Sports for Girls*, about the games they play at school. Girls between 12 and 16 were quite honest with reporter Sara Parker about their uncharming acts, which were not to do with sex. Gangs would pick on special victims and accuse them of some nasty, or silly, quality, real or imaginary. Friendships or dislikes might be virtually enforced. The object in every case was the frank wish for power.

The programme, cleverly produced by Tessa Watt, struck me as a nature programme as much as a social comment. But on the previous day, the front page of our local paper was given over to the case of a girl so badly bullied at her school she had to be taken away. She had suffered blood sports as beastly – worse even – as those in the programme. It is not for me to comment on such things. I leave it to Esther Rantzen.

Does Radio 3 want to counter the weight of the Proms with extra light drama? The last two weeks have been awfully trivial. I wrote last week about the Sunday play, *Burn the Aeneid*. This week we had *Antrobus and the Lion* by David Stafford, one of a pair of "Unmade Movies" – another next week.

It is unmade because David Selznick, wanting a star writer to do his script for *Gone with the Wind*, bets Sam Goldwyn he will get Bernard Shaw. What is more, Hazel Antrobus, the cat-burglar caught in his house, will get him to do it. So indeed she does, as a parody of Liza from *Pygmalion*, supported by Loewe's music from *My Fair Lady*. It was well played, but even Jeremy Howe's direction could not make it bearable.

The previous evening we had *Two into Three*, wrapped around the Prom. In the first 20 minutes, Tudor, a fat retired policeman, goes to the Prom to pick up a woman. Silly Pamela, who has had trouble arriving, sits by him and agrees to have a drink in the interval (another 30 minutes). He tells her about having accidentally arrested Sir Adrian Boult; she tells him about her creative writing course and her preference for boxing over music. They hear RVW's *Sea Symphony* and go to supper in a local restaurant (a final 40 minutes).

Their talk lapses increasingly into fantasy, often BBC-based, sometimes sexual but not mutual. The writer is Peter Tinniswood, whose talent is to invent amusing characters and find things for them to do. He has hung a load of potential comedy on Tudor and Pamela (Richard Griffiths and Elizabeth Spriggs) but given them nothing funny to say. John Tydeman directed.

The quarterly complaints bulletin from the Radio Authority is interesting. Of 31 complaints against independent stations, only five were upheld, two of them with reservation, and seven out of 18 complaints against advertisers. Five listeners complained that Sunrise FM (Bradford) broadcast in Urdu, not in other Indian dialects; 960 listeners signed an identical complaint. Spectrum Radio (Greater London) had dropped a programme on Afro-Caribbean matters, and appalled one listener with an "occult" programme in Arabic. An LBC presenter had imitated an Asian accent. Every ethnic community must have its own station everywhere.

B A Young

ARTS

Musicals

Macbeth, the king of heavy metal

ABOUT THE last thing the world needs is another rock musical. Fortunately, what the world gets is decided by impresarios, and these cautious, most unimaginative of men have screwed their backers' money to the sticking point and launched two more to keep us singing through the recession.

Both plod familiar ground. *Imagine*, at the Liverpool Playhouse, is this year's Beatles musical, and just to make everyone feel at home the star is that perennial Lennon look-a-like Mark McGann, who stands a good chance of playing the role longer than John managed himself.

From a Jack to a King (at the Ambassadors in London) is even more of a re-tread: writer Bob Carlton made such a success of converting Shakespeare's *The Tempest* into the cult hit *Return to the Forbidden Planet* that he is attempting to repeat history with a send-up of *Macbeth*.

The best way to judge rock musicals is by the aisle action. *From a Jack to a King* wins hands down, with the audience on its feet well before the compulsory jam session finale. It still seems irritatingly easy to adapt some of Shakespeare's most famous lines to act as a loose prop for a selection of classic rock songs from the 1960s, but the brio of the cast is enough compensation. I was left totally unmoved by *Forbidden Planet* but I joined in the fun this time round.

It helps that *Macbeth* has a strong and theatrical plot which works even when King Duncan is transmogrified into a rock singer and Macbeth to a lowly drummer, the most insignificant member of the court. Instead of a dagger the murder weapon is a spanner, which loosens the nuts on Duncan/Elvis's motorbike, (cue in "Leader of the Pack"), enabling Thane Cawdor to do the deed and top the Wembley gig.

It is real ensemble playing when Lady Macbeth – sorry, Queenie – powerfully portrayed by Allison Harding, does her stint on the drums, or the sax, or the guitar, and Matthew Devitt as Macbeth throws off guitar riffs like an axe hero. Since Devitt also directs he gets the credit for the relentless pace which disguises the more banal puns.

It would be expecting miracles for popular lightning to strike twice in this genre, but since the cast so attractively pleaded for good word of mouth I will recommend the Ambassadors Theatre for stag nights, hen parties and silver wedding anniversaries.

"You know what happens next" says Mark McGann to the audience at the Playhouse, two hours into this Lennon bio-play. Yes. You are going to get shot; then there will be a black out; then you will sing "Imagine"; and then the audience will join in a chorus of "Give peace a chance". Unfortunately, we also know what is going to happen the moment the curtain rises.

Imagine is little more than a run-through of the Beatles song book, with a script which sounds more like programme notes than a work of creativity. A stone-deaf Bulgarian could tick off the Cavern scene; the recording studio scene; the US tour scene.

Until the interval this has been a fairly indifferent Beatles musical. Things improve when Lennon finally falls into the clutches of Yoko Ono and cuts loose from the group. Once again every familiar image is conjured up, but at least there is a weirdness to it all. In fact the relationship between Lennon and Ono is worth a serious study. All we get here is Ava de Spouza looking advisedly inscrutable and McGann seizing the chance to behave badly at last. Still, while the Beatles songs now sound trite, some of Lennon's later work, "Working class hero" and "Jealous guy", seem to have the stuff of the classic about them.

McGann remains the best thing in *Imagine*. By now Lennon's rasping voice and prickly personality, to say nothing of his profile, have become second nature and he holds the show together. The rest of the cast are just cyphers. *Imagine* totally ducks the really interesting question – how big a bastard was Lennon? In Ian Kellgren's production he is still the world's great white hope.

There was also another musical opening unobtrusively at the King's Head in London this week. Once again it is a pastiche; once again it milks popular songs of the past. But *Top of the Town* deserves to be a smash, if only because of its witty script.

Roy Smiles has gathered in every musical cliché about a 1940s off-Broadway musical to produce an appealing bonbon. It would be an insult to include songs like "Long ago and far away", "Try a little tenderness", and many more tingly standards if the script was not equally urbane. It is also right *that the cast plays it* dead straight, especially Smiles as the devious impresario Harry Stein, keen to emulate that great musical "The Fleet goes Ga-ga". My only caveat about the show is its limited horizons. The voices are too small; the personalities of some of the cast too restrained for this to bother the West End. At the King's Head it is ideal entertainment for a summer's evening.

Antony Thorncroft

Alastair Muir

Matthew Devitt and Annie Miles in From a Jack to a King

Sunk by the guns of commercialism

Richard Newbury finds himself disappointed by an exhibition of British sea power

WHEN THE Duke of Edinburgh officially opens the 20th Century Sea Power gallery at the National Maritime Museum in Greenwich, London, later this year (it opened to the public this week), it will be a moment of some historical irony.

One hundred years ago, the Duke's great-great grandmother, Queen Victoria, presided over the mightiest navy the world had seen. This awesome force was a shield for the world's greatest merchant fleet. British maritime and economic power were supreme. So spectacular has been the decline of this power during the intervening century, that the very possibility of this new gallery has depended on the sponsorship of a Taiwan-based shipping company.

It is therefore appropriate that a section of the 20th century gallery should be devoted to trade, not merely because trade is chiefly seaborne, but because it creates the wealth upon which naval power is founded. Britain's mighty fleets in the early years of this century must be seen in the context of her imperial interests and trading advantages. Equally, the disintegration of the Empire and the loss of its valuable trade can be seen to have contributed to Britannia's fall from world to merely European power.

However, instead of an analysis of this sort, the section devoted to trade *is* largely taken up by a wall of video screens each showing the same film – but out of synch with each other – of random images loosely connected with trade. The effect is like looking through the window of a television shop, and is about as instructive. This meaningless farrago is accompanied by loud music. An adjacent board explains in a few lines that 90 per cent of our trade is still seaborne, and that our merchant fleet is now ranked 16th in the world. Is this an adequate summary of the subject? Does it explain anything?

Again, the first section of the gallery aims to introduce the theme of sea power but, far from providing a description of its various civil and military manifestations, it presents the visitor with another wall of video screens showing guns firing, ships exploding, aircraft landing, etc., without coherence, chronology or any apparent intellectual rationale. Only the most hardened video-junkie could watch for more than a few seconds. The sound of explosions on the sound track makes contemplation of the surrounding displays difficult.

The promise of electronic gimmickry made in the gallery's press release is amply fulfilled in the following "interactive display area". It is legitimate that the technicalities of radar-links and missile systems be given some coverage; after all, this is not an exhibition of portrait miniatures but of technological science. However, to what extent actually trying to work these systems oneself contributes to an understanding *of the subject as a whole* must be open to argument. A large area given over to play will displace more historically instructive material.

The subject demands more history and less 'whammy'

A single factual insight concerning technology itself can be far more illuminating than any amount of button pressing. For example, next to the Jutland display it would have been interesting to read that at the beginning of the First World War the numerical superiority of the Royal Navy was offset by the German technological lead in many crucial areas, such as range-finding and torpedoes, and that this was partly due to the superiority of the German educational system which produced more graduates from technical colleges and universities.

Indeed, the standard of education attributed to the visitors to this gallery is not flattering. There must be a patronising belief at directorial level that museums must above all be entertaining, and that the public does not want to read *anything but only wants to watch* video screens.

The next section deals with battle fleets. This is a large subject and needs to be carefully introduced and developed. The approach here, however, is to present the visitor with scattered paragraphs of information in which no one aspect of the subject is thoroughly tackled. There is a sense of historical progression, but it is not structured in any intelligible way. The battle of Jutland is dealt with in some detail on an audiovisual loop tape, the sound track of which, again, makes the study of neighbouring displays difficult.

Through this "lowest common denominator" approach one can detect a strong curatorial desire for something better. The selection of paintings is excellent. Mostly the work of official war artists (including some German), these paintings are of unique documentary as well as artistic value. The pressure to produce propaganda seems to have been resisted, given that the censors would not have allowed depictions of British disasters.

Some of the painters represented here produced their best work as war artists. Stephen Bone, whose pedestrian vision is familiar in views of Camden Town back gardens and kitchen sinks, conveys something of the unheroic routine of ordinary men in extraordinary circumstances in his paintings of life on an S-Class submarine. "Up The Conning Tower" of 1944 is unquestionably one of his best compositions. In contrast, Charles Pears cannot resist producing an epic effect, as in his painting "An Arctic Convoy". These pictures are a reminder of the limitations of documentary photography which, for all its value as a mechanical record, communicates no trace of the witness's emotions.

A problem peculiar to a museum of maritime history is the impossibility of displaying anything more than a few peripheral fragments of the ships themselves. Credit is therefore due here to the designers, who have imaginatively chosen to install the display areas in the reconstructed hull of a ship, the bows of which confront the visitor at the entrance to the gallery.

Again, the ship models are superb, particularly the *King George V*, made by Vickers as a scale prototype for examination by the Admiralty. Over six feet long, it is perhaps the star of the gallery.

Having felt excited about the opening of this gallery for a number of months, it is a great disappointment to see so many momentous themes and dramatic events chopped up into brief paragraphs that are *assumed to suit the concentration* span of the public. If the subject is simply beyond the scope of a single gallery, why waste precious space with needless electronic entertainment? The subject demands more history and less "whammy".

Pauline Collins and Matthew Steer in Shades

Theatre

Shades of the past

OSCAR WILDE always knew better than he wrote. Now he has posthumously pronounced on Sharman Macdonald's new play, *Shades*, at the Albery Theatre: "All women become like their mothers. That is their tragedy. No man does. That's his." *Shades* is a tragicomedy about a woman, her son, and her mother. It makes slow-paced, unusual drama, boldly conceived and well acted, but strangely unaffecting.

Pearl (wonderfully played by Pauline Collins) is a 42-year-old widow, trapped between her cossetted son and her stern mother. The action is set in 1950s Glasgow during a night out with her beau, Callum.

The play rests on the over-close relationship between Pearl and her ten-year-old son (well played by Matthew Steer). She has ambitions for *him and has made sacrifices*: "We could have a better life if I didn't pay for your education." But she will not let him go. She looks elsewhere for security. After dancing with Callum (James Cosmo), Pearl proposes marriage. He rejects her. She returns home to her mother, a matter-of-fact Presbyterian, and to her bedwetting son.

The action has an appropriate claustrophobia, aided by Christopher Morley's gloomy design. Simon Callow's direction slows it to a flat sameness: fastening a dress, putting on a jacket, folding a bow tie, are deliberate significant acts.

The shades of the title refer to the dark interiors of Pearl's home and to the ghost of her *husband. A brighter elsewhere* appears in memories of Pearl's happily married past, of VJ Day: "We went to bed, and for joy, we made a baby."

The play's weakness is that it gestures to the past instead of showing the present. Shakespeare or Chekhov give sufficient information so that their characters become explicable; rather than probing back in time, they show the action advancing. The problem with *Shades* is its refusal to show rather than tell.

The play's strength lies in its subject, ideal for Collins' talents: a woman on the threshold of middle age trapped between an idyllic past and a daunting future, holding on to a son who will move from one *to the other in leaving her*. It would make a good short story in its present form. Growing old alone is usually the literary province of men; Kafka said it best 80 years ago: "It seems so dreadful to stay a bachelor... always having to say good night at the front door, never to run up a stairway beside one's wife, to have only side-doors in one's room leading into other people's living-rooms." *Shades* puts the woman's view.

■ **For a limited season at The Albery Theatre (071-867-1115).**

New Music

A popular heretic

JOHN TAVENER'S *We shall see Him as He is* is new to London, although it opened the Chester Festival earlier this year, before Thursday's Prom performance. It is one of his many devotional works since converting to Eastern Orthodoxy 15 years ago. This is our contemporary Tavener, not the English Renaissance "heretic" John Taverner who later repented of his "Popish ditties"! Yet in modern Western terms, the anti-Renaissance Tavener is *scarcely less of a heretic*.

This time round, however, the heresy seems to be popular. The Albert Hall was nearly full. That would be partly explained by the prospect of hearing the redoubtable John Lill in Beethoven's "Emperor" Concerto; but nearly everybody stuck out Tavener's hour-plus "Ikon of the Beloved" too (half of the few who slipped away were lugging dazed children), and at the end there was a vociferously warm ovation. For a piece of such wilful simplicity, forgoing any devel*opment and any aural blandishments* beyond shot-silk string-backgrounds and a rare, rousing *fortissimo*, that was impressive. It seemed to answer a felt need.

"Ikon of the Beloved" is Tavener's own subtitle, but more exactly *We shall see Him as He is* comprises 11 musical "ikons", each a meditation – and meant as an *occasion* for meditating – upon a passage in St. John's Gospel (texts arranged by Mother Thekla, a Greek Orthodox abbess). With the Albert Hall organ, the BBC Welsh Orchestra under Richard Hickox supplied Tavener's plain instrumental requirements: just a large string band, three trumpets (for the *fortissimi*) and two timpanists (for pervasive sacred rumblings, from subliminal to violent). The excellent outsize chorus was made up of the BBC Welsh's own, the Chester Festival's and the professional Britten Singers.

With calculated parsimony, all the music is derived from Byzantine chant, which has an effective exotic appeal that is not lost upon Tavener *himself. The central tenor role (taken* scrupulously by John Mark Ainsley) prescribes Eastern inflections. He bears only a surface-resemblance to the Evangelist of a Bach *Passion*, for he has nothing to narrate; instead he introduces the successive Ikons with long, rapt, melismatic "I heard's" and "I saw's", before each meditation expands into the semi-chorus or the whole choral throng. There is a great deal of serene repetition – notably of the initial cello-melody.

In conventional analytic terms, this protracted music is barely interesting at all. Tavener's ground-plan allows for broad contrasts and a sense of an accumulating climax (in Ikon X), but no overt ingenuity in the composition. Still, one should not underestimate the achievement of producing a work on such a scale whilst being rigor*ously* "simple", and yet evading anything that could fairly be called banal. More important, the fact that it gripped its audience – or most of it – for so long and so successfully may suggest that it taps something more interesting than being "interesting".

David Murray

Records

The Sun that never sets

JUST BEFORE Sun Ra and his Solar Myth Arkestra arrived at the Brecon Jazz Festival, to no-one's surprise, a wizard occupied the centre aisle of the market hall venue – crescents, goatee, aromatherapy tackle and all – to await an old man who claims to be from Saturn.

Ra and his Arkestra, with imagery which combines Eygptology with pulp sci-fi, has always attracted a jolly lunatic fringe. But his wide ranging writing and arrangements, which mix big band grandeur with quirky and often free improvisation, could command universal appeal.

A dearth of easily available recorded material has helped keep Sun Ra in the cult category, however, and until recently his records, many of them released in small numbers on his own Saturn label, were stricly for aficionados or collectors. With Ra in the twilight of his career the situation has been rectified with the release of a series of CDs from Pennslyvania-based Evidence Music Inc and another from Black Saint, *Mayan Temples*.

The five Evidence albums are cleaned up reissues of Ra's own creaky Saturn recordings from the early Fifties into the Sixties, with original liner illustration, good notes and pyschedelically embossed discs. *Mayan Temples*, recorded only two years ago and covering more recent material, provides the other bookend to a long career.

Although he denies it now, he started out as Sonny Blount, born sometime around 1910 in Birmingham, Alabama. He worked his way north, via the southern circuit, to Chicago where, at the Club DeLisa, he met big band leader Fletcher Henderson. Usually cited as Ra's major influence, Fletcher Henderson employed him as pianist and arranger for only two years (1947–49) before Ra's own writing and space age pre-occupations began to evolve, first with a trio and eventually with 12 pieces. The Arkestra, often with the same personnel for years on end, has been in colourful orbit ever since.

At an Arkestra show Ra's cosmic cadets fill the stage, a constellation of brass, lurex and sequins. Old hands tenorist John Gilmore and altoist Marshall Allen have blasted off alongside alumni such as Clifford Jarvis, Julian Priester and Pharoah Sanders in their time. The leader, stately but fragile after a stroke in *1990*, is wrapped in tinsel and half carried to the front of the stage by two acolytes. Between thoughtfully placed chunks of chords he peers wistfully through watery eyes across synth and piano keyboards as younger members of the ensemble turn cartwheels.

If the show is out of this world so is the music and the new Evidence discs do it justice, covering a period when Ra's ideas and influences were gelling. *Sound Sun Pleasure* (ECD 22013), for example, contains what are said to be Ra's first ever seven sides, when the band was the *Astro-Infinity* Arkestra, and they range from the Gershwins' "S'Wonderful" to the corn of a crooning "Dreams Come True".

Five cracking discs are available from Evidence, including *Monorails and Satellites*, a solo outing for Ra at piano, and five more from the Saturn catalogue are due in October.

Holiday for Soul Dance (ECD22011), *Jazz In Silhouette* (ECD 22012), *Monorails And Satellites* (ECD22013), *Sound Sun Pleasure* (ECD 22014), *Supersonic Jazz* (ECD 22015) are on the Evidence label. *Mayan Temples* (120121-2) is on Black Saint. All are available from distributors Harmonia Mundi in London (Tel: 071-253-0863).

Garry Booth

Chess No 933:

1 Rb5 (threat 2 Bd5) Nc5 2 Rxb6, or Bc5 2 Nc7, or gxf4 2 Nxf4, or Rxf3 2 Re5, or Re4 2 Bg4, or Rc5 2 Nxd4.

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Hallo Spencer. 7.50 Babar. 8.15 New Lassie. 8.35 The Jetsons. 9.00 Parallel 9. 10.47 Weather.

10.50 Olympic Grandstand. Introduced by Steve Rider from Barcelona. Including at 10.55 Cricket: England v Pakistan in the Fourth Test from Headingley, with commentary by Richie Benaud, Jack Bannister, Tony Lewis, Geoff Boycott, Ray Illingworth and Asif Iqbal. 1.00 News. 1.05 Olympics: Previewing today's opening ceremony. 1.40 Cricket. 1.55 Racing from Ascot: At 2.00 The Wittelsbach Diamond Stakes. 2.05 Cricket. 2.30 Racing: At 2.35 Princess Margaret Stakes. 2.40 Cricket. 3.10 Racing: At 3.20 King George VI and Queen Elizabeth Diamond Stakes. Commentary by Peter O'Sullevan. 3.30 Cricket. 3.40 Olympic Preview. 4.00 Cricket. 4.50 Final Score. Times may vary.

5.00 News.

5.10 Regional News and Sport.

5.15 Cartoon.

5.20 Film: Summer Rental. John Candy stars in a comedy about one man's desire to enjoy his holiday despite the interference of rich tourists. (1985).

6.45 Olympic Grandstand. The opening ceremony from the Olympic Stadium. Barcelona provides the colour and spectacle. Thousands of top athletes march into the stadium as 16 days of sporting action begin.

10.10 News and Sport; Weather.

10.30 Film: Mad Max Beyond Thunderdome. Third in the series of adventures set in an alternative future, with Mel Gibson and Tina Turner. (1985).

12.10 Film: Madigan. Police thriller, starring Richard Widmark, Henry Fonda and Inger Stevens. A Brooklyn detective pursues an escaped criminal at great personal risk.(1968).

1.45 Weather.

1.50 Close.

BBC2

6.40 Open University.

3.00 Film: Go Naked in the World. A war-weary soldier falls in love with a beautiful woman, unaware of her murky past. Starring Gina Lollobrigida and Anthony Franciosa (1961).

4.40 The Sky at Night. The Giotto spacecraft recently made a close study of the Grigg-Skjellerup comet. Patrick Moore and Dr John Mason discuss the results. Shown last Sunday on BBC1.

5.00 Cricket: Fourth Test. England v Pakistan. The third day's play from Headingley.

6.25 News and Sport; Weather.

6.40 Columbus and the Age of Discovery. The Westward continues to retrace the explorer's route through the Caribbean. Columbus' crew expected to find gold on their travels in this area, but instead found a thriving native population who named them 'men from heaven'.

7.30 Elton John. Highlights of the rock superstar's Barcelona concert.

8.45 Rhythms of the World. The last programme in the series follows trumpet player Freddie Hubbard's attempt to recreate the music of Louis Armstrong's Hot Five, the epitome of early New Orleans jazz.

9.45 Video Diaries.

10.50 Film: Annie Hall. Woody Allen and Diane Keaton star as lovers in the Oscar-winning romantic comedy. With Shelley Duvall and Paul Simon. (1977).

12.20 Cricket: Fourth Test. England v Pakistan.

12.55 Close.

LWT

6.00 TV Am. 9.25 Film: The Legend of Young Dick Turpin. 11.10 The Smurfs. 11.30 The Mountain Bike Show. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 International Rugby. Australia v New Zealand. Coverage of the Third and final Test from Sydney.

1.55 McCloud: Three Guns for New York. Dennis Weaver stars as Marshal Sam McCloud in another made-for-TV mystery.

3.45 Katie and Dog.

4.15 WCW Worldwide Wrestling.

5.00 ITN News; Weather.

5.05 LWT News; Weather.

5.10 Cartoon Time.

5.15 Haggard.

5.45 Catchphrase.

6.15 The Upper Hand.

6.45 Film: The Spy Who Loved Me. James Bond (Roger Moore) joins forces with a seductive Russian agent to thwart his arch-rival. With Barbara Bach and Curt Jurgens (1977).

9.05 Sam Saturday. The detective (Ivan Kaye) investigates the complex murder of a psychiatrist. Guest starring Christopher Fairbank.

10.05 ITN News; Weather.

10.20 LWT Weather.

10.25 World Championship Boxing. Pat Barrett v Manning Galloway. Jim Rosenthal introduces the WBO welterweight title fight live from the G-Mex Centre, Manchester.

11.25 Spitting Back. Another look at the synthetic stars of Spitting Image in memorable sketches from the 1990 series.

11.55 Wolf.

12.50 Get Stuffed.

12.55 The Big E.

1.55 Get Stuffed; ITN News Headlines.

2.00 Music from the Bridge.

2.30 Rhythm 'n' Raag.; ITN News Headlines.

3.00 New Music.

4.25 Get Stuffed.

4.30 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Sign On. At Leisure. 10.30 Australian Rules Football. 11.30 Quizbowl. 12.00 Get Smart. 12.30 pm The Beverly Hillbillies

1.00 Film: Green Dolphin Street. Period romance, with Lana Turner and Richard Hart. A Channel Islander emigrates to New Zealand and sends home for the wrong bride (1947).

3.35 Scotland for Sport.

4.05 The Peruvian Paso Horse.

5.05 Brookside.

6.30 Tour De France. Stage 20: Blois to Nanterre, 210km. Gary Imlach, Paul Sherwen and Phil Liggett present coverage of the penultimate stage.

7.00 The World This Week. New series. Sheena McDonald hosts the international current affairs magazine, which returns with a new production team.

8.00 Kingdom of the Plains. The Luangwa Valley in Africa. The Survival team examines the yearly life-and-death cycle of the animals, whose lives depend upon the water levels of the Luangwa River.

9.00 GBH. While Michael Murray (Robert Lindsay) searches for a decent game plan, Jim Nelson (Michael Palin) has his holiday cottage ransacked.

10.30 Film: Paris Nous Appartient. A group of actors falls apart under the strain of rehearsals. Jacques Rivette's first film, starring Betty Schneider (1960).(English subtitles).

1.05 The Twilight Zone.

2.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
9.25 Emil and the Detectives (1964) 1.05 Anglia News. 1.55 Chequered Flag 2.25 The Corn is Green (1979) 4.05 WCW Worldwide Wrestling. 4.50 Cartoon Time 5.05 Anglia News and Sport 11.55 Beauty and the Beast.

BORDER:
11.10 Cartoon Time. 1.05 Border News 1.55 Chequered Flag 2.25 Escape of the Amethyst (1957) 4.05 The A-Team. 5.05 Border News and Weather 11.55 Steel. (1979)

CENTRAL:
9.25 Emil and the Detectives. (1964) 11.30 Zorro 1.05 Central News 1.55 Chequered Flag 2.25 The Brooks Ironbridge Triathlon 3.25 Monster Trucks - Racing to the Finish. 4.05 WCW Worldwide Wrestling 4.50 Cartoon Time 5.05 Central News 11.55 A Soldier's Story. (1984)

CHANNEL:
9.25 Emil and the Detectives. (1964) 11.30 Blockbusters 1.05 Diary Dates. 1.55 Guns at Batasi. (1964) 3.45 13 East Street. (1962) 5.05 Channel News. 5.10 Puffin's Pla(i)ce.

GRANADA:
9.25 Emil and the Detectives (1964) 11.30 This is America, Charlie Brown. 1.05 Granada News 1.55 Starflight One. (TVM 1983) 4.00 Superstars of Wrestling. 4.40 Rock Sport. 5.05 Granada News 11.55 Steel. (1979)

HTV:
9.25 Emil and the Detectives. (1964) 11.30 Zorro 1.05 HTV News. 1.55 Dogs with Dunbar 2.25 Golf: Byron Nelson Classic 2.50 Chequered Flag. 3.20 The Case of the Velvet Claws (1936) 4.30 Steve Looks Back. 5.05 HTV News.

HTV Wales as HTV except:
No variations.

SCOTTISH:
9.25 Emil and the Detectives (1964) 11.30 Dinosaurs. 1.05 Scotland Today. 1.55 Seal! 2.25 Mr and Mrs North. (1942) 3.40 McCloud. The Disposal Man. (1972) 5.05 Scotland Today. 10.20 Scottish Weather 11.55 Deadly Pursuit. (1988)

TSW:
9.25 Emil and the Detectives. (1964) 11.30 The South West Week. 1.05 TSW News. 1.55 This is America, Charlie Brown 2.25 The A-Team. 3.20 Cartoon 3.30 Life with the Lyons. (1953) 5.05 TSW News 5.10 Gus Honeybuns' Cartoon Time. 10.20 TSW Weather. 11.55 Steel. (1979)

TVS:
9.25 Emil and the Detectives. (1964) 11.30 Blockbusters. 1.05 TVS News 1.55 Guns at Batasi. (1964) 3.45 13 East Street (1962) 5.05 TVS News 10.25 World Championship Boxing.

TYNE TEES:
9.25 Emil and the Detectives (1964) 11.30 Superman 1.05 Regional News. 1.55 Starflight One (TVM 1983) 4.00 Soccer in the Seventies. 4.30 Chequered Flag 5.05 Northern Life. 11.55 Steel. (1979)

YORKSHIRE:
9.25 Emil and the Detectives. (1964) 11.30 Superman. 1.05 Calendar News 1.55 The A-Team. 2.45 Cartoon Time 3.05 The Truth About Spring. (1964) 5.05 Calendar News. 11.55 McVicar. (1980)

S4C Wales as Channel 4 except:-
10.00 Slot Sadwrn 7.00 Newyddion Nos Sadwrn 7.15 Gemau Heb Ffiniau 8.45 Celn Gwlad: Llanelwedd 1992.

SUNDAY

BBC1

6.40 Open University. 8.45 News.

8.50 Olympic Grandstand and Cricket.

12.30 CountryFile.; Weather for the Week Ahead

12.55 News.

1.00 Sign Extra: Schofield's Europe.

1.35 Bazaar.

2.00 EastEnders.

3.00 Eldorado.

3.30 Columbo: Any Old Port in a Storm. A dapper wine connoisseur with a full-bodied secret in his cellar takes on Lt Columbo, a man with an exceptional nose for murder. Starring Peter Falk and Donald Pleasence.

5.00 Olympic Grandstand. Including swimming: The women's 100m freestyle, the men's 100m breaststroke, the women's 400m individual medley and the men's 200m freestyle finals. Hockey: Great Britain v Egypt. Nigel Starmer-Smith and Ian Taylor commentate. Cycling: The women's individual road race.

7.00 News.

7.15 Film: The Lady and the Highwayman. Romantic swashbuckler, starring Emma Samms, Michael York, John Mills and Lysette Anthony (TVM 1989).

8.50 News and Weather.

9.05 Olympics Today. Desmond Lynam presents a round-up of the main events on the first full day of competition.

10.20 Heart of the Matter. The British Army is considering allowing women to fight in trenches and tanks for the first time. Joan Bakewell asks if female soldiers should be put in such positions of danger.

10.55 Olympic Grandstand. Including gymnastics: The women's compulsory team exercises. Late-night action from the flyweight weightlifting final and boxing.

12.00 Cricket: Fourth Test. England v Pakistan. Highlights from Headingley.

12.30 Weather.

12.35 Close.

BBC2

6.35 Open University. 9.05 Articles of Faith. 9.20 This is the Day. 9.55 Open University. 12.00 The Ship That Never Returned.

12.30 Olympic Grandstand. Including at 12.45 Motor Racing: Live coverage of the German Grand Prix from Hockenheim. Commentary by Murray Walker. 2.30 Cricket/Olympics. Cricket: England v Pakistan in the Fourth Test from Headingley. Olympics, including boxing. As the competition begins, Harry Carpenter talks of potential champions; cycling: The 100km time trial; plus women's gymnastics and shooting.

5.00 Cricket: Fourth Test. England v Pakistan.

6.40 Titchmarsh on Song.

7.15 Life on Earth. Many mammals have adapted to a life of vegetarianism, but are hunted by a variety of meat-eaters. David Attenborough investigates their way of life.

8.10 Sunset Across the Bay. When a couple finally retire to the seaside, they find it difficult to settle into their new surroundings. Starring Bob Peck, Gabrielle Daye and Harry Markham. Part of the Alan Bennett season.

9.20 Assignment. When Italy's top anti-Mafia investigator was murdered, many were shocked. Olenka Frenkiel's investigation reveals the power of the Mafia in Italy, and explains why the government may be incapable of destroying it.

10.05 German Grand Prix.

10.35 Moviedrome.

10.40 Film: Wise Blood. A war veteran with no beliefs becomes an obsessive travelling preacher. Directed by John Huston, who stars alongside Brad Dourif and Ned Beatty (1979).

12.20 Film: The Witchfinder General. Vincent Price stars as a 17th-century tyrant murdering while serving as a witch-hunter. With Ian Ogilvy and Rupert Davies (1968).

1.50 Close.

LWT

6.00 TV Am. 9.25 King of the Grizzlies. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 Deliverance. 12.25 pm The Entertainers. 12.55 LWT News; Weather.

1.00 ITN News; Weather.

1.15 Cartoon Time.

1.25 Film: Return to Peyton Place. Carol Lynley plays a budding author who achieves success but fails to find happiness. With Jeff Chandler and Eleanor Parker (1961).

3.40 Film: Guns at Batasi. Richard Attenborough, Mia Farrow and Flora Robson star in a drama set in strife-torn Africa during the 1960s (1964).

5.30 Survival Special. The beautiful diving bird, the loon, clings to life in America in spite of pollution and the effects of tourism. This film, narrated by Hwyel Bennett, outlines the life of the loon, whose haunting call has inspired many folk tales.

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Appeal.

6.45 Annie Across America. New series. Annie Gregg treks across the United States on the trail of Christianity. She begins in Plymouth, Massachusetts, where the Pilgrim Fathers first landed, and visits Salem to commemorate the witch trials of the 17th century.

7.15 The Richard and Judy Show.

7.45 Watching.

8.15 Second Thoughts. Starring James Bolam and Lynda Bellingham.

8.45 ITN News; Weather.

9.00 LWT Weather.

9.05 Prime Suspect. Lynda La Plante's BAFTA award-winning thriller. When Chief Insp Jane Tennison (Helen Mirren) takes on a murder inquiry, she also encounters a devious suspect.

11.05 TV Squash. New series. Satirical sketches parodying the best and worst of British TV.

11.35 Cue the Music; ITN News Headlines.

1.05 The ITV Chart Show.; ITN News Headlines.

2.05 Film: Dracula.

3.35 Night Heat.

4.30 Get Stuffed.

4.35 Pick of the Week.

5.05 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Talking Liberties. 10.45 Dennis. 11.00 Owl TV. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Racing from Doncaster.

3.55 Running the Games. As the action begins in Barcelona, the sports documentary examines the Olympics in Seoul. Did victory on the sports track have a deeper political significance for the former Soviet Union and the USA?

4.55 News.

5.00 American Chronicles. Adults try to recover their past at a school reunion in a Chicago suburb. Offbeat documentary by David Lynch and Mark Frost.

5.30 Tour De France.

6.30 The Cosby Show.

7.00 Invisible Enemies. Part of a series which considers the relationship between history, destiny and disease. Many people wrongly believe the bubonic plague has disappeared. It has already claimed 11m victims this century. Scientists believe it is poised to strike again.

8.00 Europe Express. As the Barcelona Olympics begins Marie Guichoux reports on the Spanish Government's strong-arm tactics to deal with Basque terrorists.

8.30 Gentleman Jim Reeves. Profile of the popular country singer 25 years after his death.

9.30 Go Fishing.

10.00 Film: Comfort and Joy. Bill Forsyth's comedy. Bill Paterson plays a Glaswegian DJ caught up in a territorial war between ice cream firms (1984).

11.55 Extreme East.

12.25 Film: Cleo from 5 to 7. Study of a young singer (Corinne Marchand) awaiting news of a cancer test. Directed by Agnes Varda (1961).(English subtitles).

2.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.25 Countrywide. 12.50 Anglia News. 1.10 The Pirates of Malaysia. (1964) 3.00 The Sting II. (1983) 4.50 Cartoon Time. 5.05 The Magic of David Copperfield 6.00 Secret Coastline 6.35 Anglia News 9.00 Regional Weather.

BORDER:
12.25 Gardening Time 12.55 News. 1.10 The Looters (1966) 2.55 Animal Country. 3.25 Family Theatre. 4.20 Carry On Nurse. (1959) 6.00 Dogs with Dunbar 6.35 News 11.35 Family Theatre.

CENTRAL:
10.20 Heidi. 12.30 Gardening Time. 12.55 Central News 1.10 The Assassination Bureau. (1969) 3.15 Johann Strauss The King Without A Crown. (1987) 5.25 Disney's All-Star Comedy Circus. 6.20 Cartoon Time. 6.35 Central News 11.35 Dangerous Women.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 Disney's All-Star Comedy Circus. 2.05 Cartoon 2.15 The Fall of the Roman Empire. (1964) 5.30 House Style. 6.00 Tell The Truth. 6.35 Channel News.

GRANADA:
10.20 Heidi. 12.25 Young Up Front. 12.55 Granada News 1.10 The River Thames. 1.40 Mountain Bike World Cup 2.40 Tiger Bay. (1959) 4.35 The A-Team. 5.30 Coronation Street. 6.35 Granada News 11.35 Prisoner: Cell Block H.

HTV:
12.30 West Country Farming 12.55 HTV News 1.10 Press Your Luck 1.40 The Channon and Ball Video Show. 2.40 WCW Wrestling. 3.35 Cartoon Time. 3.45 Funny Girl (1968) 6.35 HTV News.

HTV Wales as HTV except:
12.25 Royal Welsh. 1.10 Country Matters.

SCOTTISH:
9.25 You Can't Escape Forever (1942) 10.45 Heidi. 11.15 Link. 11.30 Right or Wrong. 12.25 Scotland's War. 12.55 Scotland Today 1.10 Highway To Heaven. 2.05 Battleflag. (1970) 4.25 Magical World of Disney: All American Sports Nuts. 5.30 Bullseye. 6.00 NB Special. 6.35 Scotland Today. 9.00 Scottish Weather. 11.35 The Execution of Raymond Graham. (TVM 1985)

TSW:
12.30 TSW Farming Week. 12.55 TSW News. 1.10 Carry On Sergeant. (1959) 2.45 The Life and Times of Grizzly Adams 3.40 Nicholas and Alexandra. (1971) 6.00 The Mountain Bike Show. 6.35 TSW News 9.00 TSW Weather 11.35 McCloud: Park Avenue Pirates.

TVS:
12.30 TVS News. 12.33 Agenda 12.58 TVS Weather. 1.10 Disney's All-Star Comedy Circus. 2.05 Cartoon. 2.15 The Fall of the Roman Empire. (1964) 5.30 House Style. 6.00 Tell The Truth. 6.35 TVS News.

TYNE TEES:
12.25 Northern Life Review. 12.55 Regional News. 1.10 Carry on Sergeant (1959) 2.45 Highway to Heaven. 3.45 Marriage is a Private Affair. (1944) 6.00 Earthmovers. 6.35 Regional News. 11.35 Prisoner: Cell Block H

YORKSHIRE:
9.25 Great Expectations. (1981) 12.25 Nawrang 12.50 Calendar News and Weather 1.10 Davy Crockett: Letter to Polly. 2.05 Highway to Heaven 3.00 Cartoon 3.05 Cromwell. (1970) 6.00 The Best and the Worst of Telethon '92. 6.35 Calendar News. 9.00 Local Weather 11.35 That Sinking Feeling. (1979)

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Mark Wynter. 1.00 Hello Cheeky. 1.30 Jimmy's Cricket Team. 2.00 Sounds of the Fifties. 3.00 Steve Race. 4.00 Judith Chalmers' Hi Days and Holidays. 5.00 Cinema Two. 5.30 Music By - Carl Davis. 6.00 Katie and Friends. 7.00 Beat the Record. 7.30 Glenn Miller and the Army Air Force Band. 9.30 Easy Does It. 10.30 The Arts Programme. 12.05 Ronnie Hilton. 1.00 John Terrett. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Record Release.
10.55 Test Match Special.
6.10 Evening Sequence.
7.30 Proms 1992.
9.35 Uncle Victor.
10.00 Mendelssohn.
10.30 Spirit of the Earth.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 On the Hour.
10.30 The Marx Brothers' Flywheel, Shyster and Flywheel.
11.00 Talking Politics.
11.30 Europhile.
12.00 Inside Money.
12.25 They Think It's All Over.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
3.45 The Other MCC.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Grand Tour: New York.
6.00 News and Sports Round-Up.
6.25 Little Blighty on the Down.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Life with Lederer.
11.00 Tingle Factor.
11.30 Second That Emotion.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 Newshour.
8.30 Saturday Edition.
9.00 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Summer Sport on Five.
5.00 Five at the Olympics.
9.00 World Title Fights.
11.30 Box 13.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 As I Recall. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary. 11.01 Jazz Now And Then. 11.15 Club 648. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 Counterpoint. 8.30 Europe This Weekend. 9.00 News; Olympic Sportsworld. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play Of The Week: Supper of Ashes. 3.00 Newsdesk. 3.30 Not Just A Game. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Serenade in Brass 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Mark Wynter. 1.00 John Terrett. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
10.55 Test Match Special.
6.10 Evening Sequence.
7.00 Proms 1992.
10.30 Sunday Play Summer Season
11.10 An Invention for Elliott Carter.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Sir James Anderton.
9.00 News.
9.10 Sunday Papers
9.15 Letter from America.
9.30 Morning Sequence.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme
4.00 Analysis.
4.47 Dust Devils.
5.00 Down Your Way.
5.40 Smith in Shining Armour.
6.00 Six O'Clock News.
6.15 The Village.
6.30 Europhile.
7.00 Your Place or Mine.
7.30 A Good Read.
8.00 Punters.
8.30 Reading Aloud.
9.00 Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Posters of Montmartre.
11.00 The Board Game.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
7.00 Waterlines.
7.30 Danny Baker.
9.30 Ross King.
12.30 Caron Keating.
2.30 Terry Wogan.
6.30 Five at the Olympics, with John Inverdale.
10.00 Open University
12.50 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin 7.00 News; News About Britain 7.15 Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 News; Words of Faith; Classics with Kay 10.00 News; Business Review 10.15 Short Story: Woman Bathing. 10.30 Folk in Britain. 10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk 12.30 The Ken Bruce Show 1.00 News Summary. 1.01 Play of the Week - Supper Of Ashes 2.00 Newshour. 3.00 News Summary. 3.01 The Italian Renaissance. 3.30 Anything Goes. 4.00 News 4.15 BBC English. 4.30 News in German. German Features 5.00 News, Travel News. BBC English. 5.30 Londres Soir. 6.14 Club 648. 6.29 News Summary; News in German 6.40 German Features. 7.54 News in German 8.00 The Musician's Musician. 8.30 Europe Tonight 9.00 News 9.09 Olympic Sportsworld 9.30 Brain Of Britain. 10.00 Newshour. 11.00 News, News About Britain. 11.15 Short Story: Woman Bathing 11.30 Letter From America. 11.45 Sports Roundup 12.00 News. Business Review, Classics with Kay. 1.00 Newsdesk 1.30 In Praise Of God. 2.00 News Summary, With Great Pleasure. 2.45 Rites of Man 3.00 Newsdesk. 3.30 Composer Of The Month: Les Six. 4.00 News; Words Of Faith. 4.15 Sports Roundup 4.30 The Week Ahead. Travel. 4.45 News and Press Review in German

CHESS

FIDE's twice-yearly rating list is a key barometer of top grandmaster performance and the advance of young players. Newly-issued July 1992 ratings include nearly 11,000 names, and this is projected to jump to 50,000 in the next few years due to the lowering of the minimum threshold.

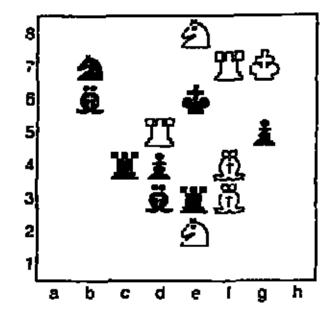
If your strength is at the level of a reasonably good club or county player, with an English grade around 160 (Fide 2080), you can now aspire realistically to international honours. The BCF (0424-442-500) can tell you how to set about it.

World champion Gary Kasparov's dominance is unchallenged. He heads the new list with 2790 points ahead of Ivanchuk 2720, Karpov 2715, Shirov 2710, Anand 2690, Gelfand 2685, Short 2680, Bareev 2670 and Timman 2665. This implies that Nigel Short's candidates' final next year against Jan Timman is too close to call, and that Kasparov will slaughter the winner.

The under-21s are Kasparov's potential future challengers. Shirov, Kamsky (2655) and the new Russian star Kramnik (2625) are ahead of Britain's Michael Adams (2610). A name to watch is Matthew Sadler, 18, of Chatham, son of a Lloyds Bank senior manager, who has reached both the world junior and UK top 10 with 2515 and has just won first prize at Copenhagen.

Inflation is affecting the numbers. The level of a grandmaster used to be 2500 and that of a world class "super grandmaster" 2600. But the 2600s have trebled to nearly 50 within a decade, reflecting less an accretion of strength than growing ingenuity in gearing results to influence Fide's computer.

CHESS No 933



White mates in two moves against any defence (by E. Holladay, 1943).

Solution Page XVIII

Leonard Barden

BRIDGE

WE ALL know about loser-on-loser but in today's hand, which comes from teams-of-four, we study winner-on-loser:

N
♠ J 10 7
♥ J 8 7
♦ A J 10 9 4
♣ Q 3

W
♠ Q 9 6 4 2
♥ 6 2
♦ 7 3
♣ J 7 5 2

E
♠ 8 5 3
♥ Q 10 5 4
♦ Q 8 6 5
♣ K 8

S
♠ A K
♥ A K 9 3
♦ K 2
♣ A 10 9 6 4

With both sides vulnerable, West was the dealer and after three passes South opened the bidding with two no trumps, and North's raise to three no trumps closed the brief auction.

West started with the four of spades. Taking with his king, the declarer returned the two of diamonds and finessed the nine – a clever play. If East takes and returns a spade, South wins; overtakes his diamond king with dummy's ace, and fulfils his contract with two spades, two hearts, four diamonds and one club.

East, however, a shrewd operator, knew what was going on and withheld his queen. The declarer now returned the queen of clubs, covered by king and ace, and continued with the 10. Taking with the knave West led another spade to clear his suit. South won but, with clubs still held by West, could only make eight tricks.

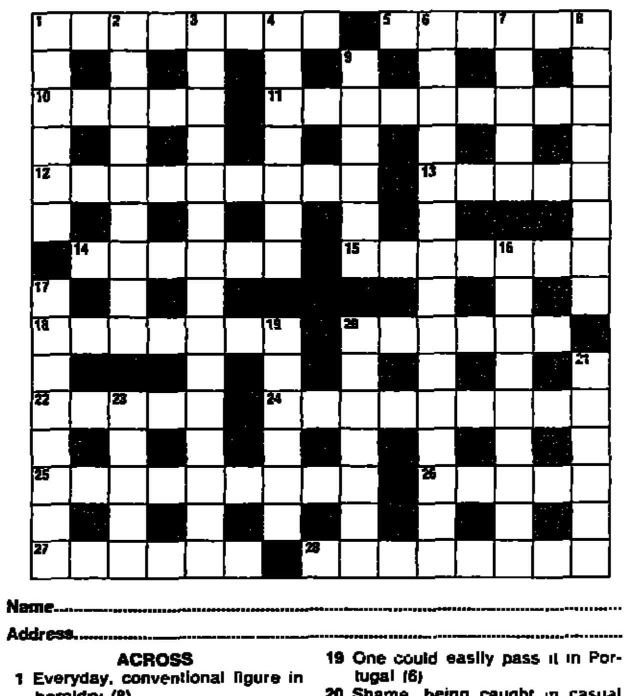
In the other room, in the same contract and against the same lead, the declarer showed brilliant technique. Winning the opening lead, he cashed the diamond king and ace and continued with the knave, on which he discarded his ace of spades. East took, and *faute de mieux*, returned a spade to his partner's queen. West switched to six of hearts, covered by seven, 10, and king. Now South led the nine to dummy's knave. East had to win, and now there was entry to dummy, whatever East returned. A heart or a diamond gave immediate entry, the club eight would be finessed to the queen – if West has king, there is no problem – and in each case declarer makes an overtrick.

E P C Cotter

CROSSWORD

No. 7,908 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday August 5, marked Crossword 7,908 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 8.



Name..

Address..

ACROSS

1 Everyday, conventional figure in heraldry (8)
5 Farm-girl retired, without help, making thousands (6)
10 Meeting-place universal in shape (5)
11 Thought-provoking Latin must be translated (9)
12 He will not accept risks alone (2-7)
13 Charm of a tour of duty (5)
14 Admiration of a dwelling that is silver-lined (6)
15 Stuntman, perhaps, who has endless prestige (5-2)
18 Employ a new dance-centre (7)
20 Sees to reform, being bristly (6)
22 Unlikely state of a Florida house? (5)
24 Measures taken to provide fuel (9)
25 Bearing objected to in promoting aviation (3-6)
26 Relaxed card-game needing two players (5)
27 Early stone requiring the oil treatment (6)
28 16 down, for example, a chum? (8)

DOWN

1 Function like one in the sin-bin (6)
2 Room for kippers, some say (9)
3 Collector of bits and pieces (15)
4 Jungle Book? (7)
6 How some people remain in business? (5,10)
7 Production of "Annie" that is vacuous (5)
8 Telling where and when, it may cap a story (8)
9 Northern waterways for fellow taking Doris Strange? (6)
16 Victim of demented man's deed, all about love (9)
17 Office of High Court judge, say? (8)
19 One could easily pass it in Portugal (6)
20 Shame, being caught in casual footwear (7)
21 Stick notice in this position (6)
23 Mixed pair left for a month (5)

Solution to Puzzle No.7,907

E	N	T	R	E	E	■	S	T	R	I	D	E	N	T
N	■	O	■	A	■	C	■	O	■	N	■	L	■	A
T	E	L	E	S	C	O	P	E	■	T	R	A	C	K
R	■	E	■	Y	■	U	■	C	■	H	■	N	■	I
A	U	R	A	■	A	R	M	A	G	E	D	D	O	N
N	■	A	■	R	■	S	■	P	■	W	■	■	■	G
C	E	N	S	U	R	E	■	S	A	R	T	R	E	■
E	■	C	■	M	■	■	■	■	■	O	■	E	■	U
■	R	E	L	I	S	H	■	B	E	N	I	S	O	N
G	■	■	■	N	■	E	■	E	■	G	■	C	■	D
R	E	H	E	A	R	S	I	N	G	■	L	I	K	E
A	■	A	■	T	■	S	■	D	■	D	■	N	■	R
S	A	L	M	I	■	I	C	E	L	A	N	D	I	C
P	■	M	■	O	■	A	■	R	■	T	■	E	■	U
S	T	A	G	N	A	N	T	■	B	A	N	D	I	T

Solution and winners of Puzzle No.7,896

J	O	S	I	A	H	■	S	E	L	F	H	E	L	P
A	■	P	■	R	■	■	■	V	■	O	■	S	■	O
V	I	E	N	N	A	■	R	E	P	R	I	S	A	L
E	■	C	■	I	■	A	■	N	■	E	■	E	■	E
L	A	T	E	C	A	L	L	■	K	L	A	X	O	N
I	■	A	■	A	■	C	■	A	■	O	■	■	■	T
N	I	C	K	■	C	O	R	N	U	C	O	P	I	A
■	■	L	■	S	■	H	■	A	■	K	■	I	■	■
C	H	E	C	K	P	O	I	N	T	■	O	G	E	E
A	■	■	■	I	■	L	■	I	■	A	■	G	■	Y
D	A	C	A	P	O	■	G	A	R	G	O	Y	L	E
D	■	O	■	J	■	A	■	S	■	E	■	B	■	S
I	N	V	I	A	B	L	E	■	E	N	C	A	S	H
S	■	E	■	C	■	A	■	■	■	D	■	N	■	O
H	A	R	A	K	I	R	I	■	P	A	C	K	E	T

Ian Smart, Ross-on-Wye, Hereford; G.H. Brown, Grassington, N. Yorkshire; Elizabeth Chisman, London SW15; Mr S.A. Sedwards, Sutton Courtenay, Oxfordshire; M. Siksnys, London SW1; N.J. Summerhayes, Camberley, Surrey.

Ideas that progress to the past

***Dominic Lawson** finds that what shocks people most is not always obvious*

LAST MONDAY I found myself in the bowels – or maybe it was the bladder – of the BBC's Broadcasting House. I was taking part in a studio discussion. Two topics came up. First, was Lady Thatcher wrong to take up a post – as the press say she is – with the American cigarette company Philip Morris.

Second, on the 25th anniversary of the British campaign to legalise cannabis, should we now decriminalise that drug?

The first question was easy to answer: of course Lady Thatcher should feel no pangs of conscience in taking up such an appointment. The smoking of cigarettes I said, was a time-honoured and inoffensive habit, which gives pleasure to millions. Cars kill people, I pontificated, but no-one *would complain if Lady T had taken* up a directorship with Rover or General Motors. On the question of Cannabis, I nervously suggested that legalisation might not be a terrible thing. I then awaited what I thought would be a barrage of calls from angry Radio 4 listeners, castigating me for daring to suggest that hippy drugs should be made freely available.

There *was* a barrage of angry *calls. So much so that while we* were still on air the producer of the programme urgently requested the presenter – I could hear his headphones buzzing – to correct some of my remarks. But not one of the irate complaints was about the dangers of cannabis. They were all denouncing my toleration of the smoking of commercial cigarettes.

In 25 years the world has turned *upside down. Even in the heart* of England, what was once mind blowing is now mainstream; what was once acceptable is now anathema. The same is true in the US. If Ross Perot had a politician's sensitivity to this sea change, he would still have his hat in the *presidential ring*. But two weeks ago he referred to American blacks as "you" rather than "we" and from that politically-incorrect moment he did not stand a chance.

A senior English politician recently marvelled to me at the speed which received wisdom is turned topsy-turvy. His mailbag has been filled with correspondence from constituents about the threatened closing of London Zoo. *Almost all of the letters are* anti-Zoo, denouncing the whole business as cruel and unnatural. The MP was amazed. Ten years ago he said, such views were held only by the loony eco-fringe of the Liberal Party.

I had the same feeling of *bewilderment when I picked up* a remaindered book in Bath the other day. It is called *Pregnancy* and it is written by Dr Gordon Bourne, consultant gynaecologist to the Royal Masonic Hospital. This is what Dr Bourne has to say on a rather sensitive matter: "From a purely biological aspect the masculine type of female and the effeminate type of male are not good vehicles for reproduction and *the procreation of the human race.* Nature caters for these phenomena by introducing female homosexuality, or lesbianism, which is the association of woman with woman and is partly confined to the masculine type of female.

"Male homosexuality is the *association of man with man* and is usually, but not always, confined to the effeminate type of male. Associations of this nature are, of course, reproductively sterile which is the obvious biological solution to the problem in so far as it automatically eliminated such particular human types from procreation."

This passage, archaic yet convincingly logical, was written only 20 years ago. At that time the book was reviewed favourably by *The Guardian* (and has been widely respected for its medical counsel.) But what would *Guardian* Woman say now about the good doctor Bourne's advice to women after giving birth to "put on some make-up and tidy your hair."

Indeed, what would *Guardian* reviewers say about a book which damned masculine women and effeminate men as biologically inferior? The biggest mistake of all is to conclude that we must be right about everything now, and were wrong about everything then. In another 20 years the next generation will laugh at our fixed ideas. They may even have rediscovered the toleration of smoking, the joy of zoos, and the wisdom of Dr Bourne.

Dominic Lawson is editor of The Spectator.

Interview/ **Robert Graham**

The man who paints like Michelangelo

GOETHE claimed that *only by seeing the* Sistine Chapel with Michelangelo's frescos could one have a complete understanding of what a single man can achieve.

Few have a greater understanding of the achievements of this man than Professor Gianluigi Colalucci. He has been in charge of the painstaking task of restoring these frescos in the Vatican from the moment the first experiments were carried out on an area the size of a postage stamp 12 years ago.

The complexity and sheer scale of dealing with Michelangelo's Sistine Chapel *ceiling* and the wall, with the gigantic composition of the "Last Judgement", has made it one of the most remarkable acts of modern restoration.

Ironically, the work of cleaning and restoration, together with pauses to assess progress, has taken longer than the combined time Michelangelo took to paint the frescos. The ceiling with the famous central depiction of the creation was painted from 1508-12; while the turbulent "Last Judgement" was begun 22 years later and completed in 1541.

Restoration is in its final phase and the magnificently fresh colours – Prof Colalucci's critics say too fresh – of the ceiling can be seen by all. On a scaffold behind a white net at the far end of the chapel, the team is now working on the surface of "The Last Judgement".

"I deliberately left this until the *end as it the most complex part of* the whole restoration", says Colalucci. Pope Paul IV dismissed "The Last Judgement" as a "stew of nudes" and outrage over the nudity of the figures led breeches and loincloths to be painted over some of the figures. At one stage the entire fresco was nearly white-washed.

Working so close to Michelangelo, does he feel the presence of the genius? "Ah, yes" he sighs deeply.

He is familiar with every brush stroke. "I've known him for so long... even before I started this project, when I first came to work at the Vatican [in 1960] I was given *the task every year of dusting the* Judgement. Even then I was taking photographs, trying to understand his extraordinary technique."

In his office in the bowels of the Vatican museum he has a blow-up photograph of the "Judgement" as he calls it affectionately. Covered with coloured stickers and numbers indicating the work schedule, it looks like one of those German Christmas cards with windows to open for each day until Christmas.

Colalucci puts in at least four hours a day on his "Judgement". Mindful of the physical ravages wrought on Michelangelo producing this masterpiece, was this not a gruelling project for a man of 62? "Last year I began to feel a few aches in the back for the first time. But I have been helped a lot through *keeping fit because I go to a gym.*"

He chuckles quietly over the casual way he entered his chosen career. "I don't come from a family of artists." His father was a famous sports journalist. He himself was an indifferent student and entered the world of art restoration through a chance meeting with a leading restorer. However, he says he realised that being brought up in Rome surrounded by a vast accumulation of ancient monuments imbued him with a natural sense of culture. "It is part of my character to enter into the past."

He is a great believer that Culture cannot only be acquired through learning and books. "There is also an intuitive element which comes from deep inside you. This makes you feel the work of art closer, and treat it in a familiar, not a reverential, way."

When he decided to enter the Rome Restoration Institute in 1949 he was one of only five students – "Now there are queues waiting to get in."

***Gianluigi Colalucci** is tackling the art world's greatest challenge: restoring the Sistine Chapel*

His first job was a one-month stint in Sicily which turned into an unexpected stay of seven years during which developed an expertise restoring early paintings on wood. Parts of Sicily then were like a return to the 18th century. He recalls driving round the island in a Fiat 500, coming across priceless paintings which sacristans had sought to embellish with olive oil, others retouched by enthusiastic amateurs.

When the Vatican was looking for new blood in 1960, he was recruited for his skills with wood. He eventually moved *on to fresco work by* virtue of the Vatican possessing 90 per cent of its painting in the form. This becomes obvious as one walks with him through the endless painted corridors, halls and rooms to the Sistine Chapel. (From the museum entrance to the Chapel it is nearly a kilometre).

What is the secret of a good restorer?

"For me the important thing is not necessarily the iconography of a work of art but to understand how it is painted, the choice of colours, the movement of mass... it is like understanding the structure of a piece of music." It is the natural approach of a craftsman and he does not wish to be distracted by academic debate over, say, the identity of a saint. He talks often of restoring paintings to the original "text for a proper reading".

Modern restoration, he says, is in essence based on "a great respect for the original and minimum interference. Everything done to present the work, providing the damage is not too visible, is carried out in such a way so that you can see the original. In the past there was a lot of retouching and too much reconstruction of what was missing and damaged." He feels that attitudes in Italy differ towards restoration because there is little money and so much to restore, whereas many rich countries have little to restore.

Is one not intimidated by approaching something so immense and so well known as the Sistine Chapel?

"My experience on wood, which is a much more delicate medium, has helped enormously in my work on the Sistine chapel. The mentality of a restorer of paintings on wood is very special – the work does not permit experiment, you cannot take short cuts: you need to be very clear-headed... You cannot make mistakes. Frescos, on the other hand, were often done by large numbers of people and are executed generally on a grand scale on big spaces.

"However, restoring Michelangelo requires all the techniques used for wood-based painting work because his painting is so refined, so delicate – and so well known. You need the mentality of someone used to working on the square *centimetre.*"

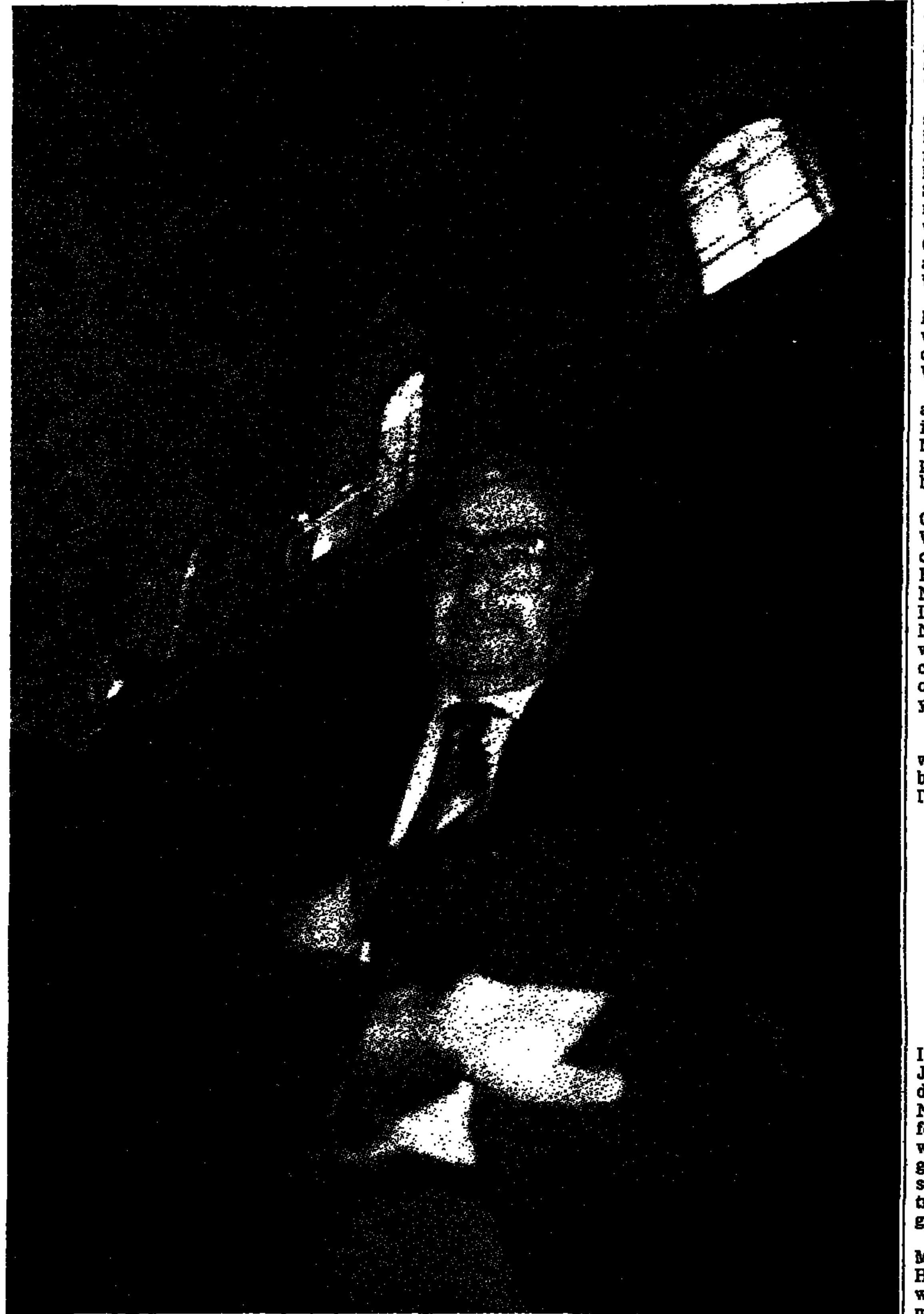
The restoration presented special problems because he says Michelangelo changed techniques often. Technically it has been difficult both to remove the glue varnish, which over time had left scales, and to return to the original colours while all proper conservation procedures were observed.

Does one also need to jump the centuries and get inside the mentality of the artist?

"As a man he left nothing, but one can see as an artist he was extremely severe with himself and with others. And I understand him: *if a person possesses such talents* he cannot get on with anyone else."

For Colalucci, the most painful aspect of the restoration has been the criticism directed against his work – because he is the first one to want to get it right. Can he ever therefore relax and feel no that mistakes have been made on a work which the world regards as one of its foremost art treasures, and which thousands queue to see every day?

"I fear being overconfident. I found it positive that people challenged what I was doing. The polemics could destroy me as a person and my work, but they could also act as a stimulus to improve. I never undervalued any criticism even when I thought it stupid, and



this has enabled me to be serene about all that's been said. I think I have been proved right."

The criticism has so far referred to the ceiling. Though the arguments are complex, one polemic was over the belief that Michelangelo had modified the original fresco with extensive glazing and additions in secco after the original *work had dried. Others centred on* the use of certain chemicals which it was feared might affect future conservation. Yet another complained that the restored colours simply looked too modern. One US critic even called the restoration a "disaster".

Colalucci divides his critics into two categories. "There are those who know a work of art as if it belongs to them, something they have learned from childhood, seen on a special trip or have studied – and they don't want it to change." Looking with him at pictures of the "before" and "after", it is as though a fine grey veil has been peeled away from the ceiling. "The main critics have in fact been painters because they have studied Michelangelo in a certain way, often from books – for them it is sacrosanct. I understand this, even I can have problems with an excellent restoration by a colleague in this way. But this is a sentimental reaction."

On technical aspects, he claims "the challenge has come from persons who knew nothing about technique". But he believes the polemic *has subsided over the past 18* months, especially as the lighting has been corrected. He adds: "It is not as if this has been done in-house, we have had a team of 18 internationally recognised experts monitoring the project."

But does he ever ask tourists what they think as he wanders around the chapel? "No. I just listen to the comments."

These days many of the comments are in Japanese, as a sizeable proportion of visitors are groups from Japan. Japanese television has also paid $4m (about £2m) for the rights to film the whole process of restoration.

How does he imagine the Japanese confront western art and Michelangelo's very personal interpretation of Christianity? "I know well what it feels like to look at another culture from the outside; but what the Japanese think about this remains a mystery."

Indeed crowds, and the conservation issues raised by mass tourism, are an increasing problem for the Sistine Chapel. Often it is impossible to contemplate the frescos in *reasonable* tranquillity. Should limits be placed on the number of visitors? Should they be made to be content with replicas?

Colalucci wryly observes that the replica of Michelangelo's "Pieta" in the Vatican museum is usually treated with the same reverence and curiosity as the original in St Peter's, which is more difficult to see as it is behind glass. "Works of art today are subject to stress but it's not just people in museums but pollution in general. Why should you deny people the chance of seeing these masterpieces? I think it would be impossible."

Is this restoration like *repainting* the Forth Bridge – once finished, one immediately begins again?

"No. This will last."

Despatches / **John Lloyd in Moscow**

Hold the front page . . . again

WHILE the British press sought last week to establish its *freedom to define* what is the public interest and what is common prurience, the Russian media was engaged in a more fundamental battle: to establish its right to an independent existence of any kind.

As the anniversary of the August *putsch approaches, it becomes clear* that the post-communist politicians, as well as the post-communist editors and post-communist readers , have no settled view on what constitutes a proper relationship between them.

At the heart of the struggle is the *newspaper Izvestia, for* nearly 75 years the organ of the Supreme Soviet of the USSR and since the putsch a self-declared independent publication.

Under Igor Golembiovsky, its chief editor, it has established itself as the closest thing to a paper of *record* – as Golembiovsky puts it: "The political paper for the intelligent part of our society" – both for Russia and the former Soviet republics. Its sympathies are pro-reform, broadly supportive of Boris Yeltsin, the Russian president and the cabi*net of Yegor Gaidar.*

It cannot, however, escape its past, when it was an organ of the Supreme Soviet. The takeover by the staff on August 23 1991 of the paper is now being challenged by those who consider themselves the successor to the Soviet – that is, *the parliament of Russia.*

In particular, Ruslan Khasbulatov, its leader, has made it his particular mission to bring *Izvestia* back under parliamentary control and to force it once again to be the "Izvestia (news) of the Supreme Soviet of Russia" – a kind of daily Hansard.

Last Friday, the parliament voted heavily to repossess the paper – a decision which has sparked what could turn out to be a momentous clash between the legislative power on the one hand and the presidential and government *powers on the* other. On Wednesday, Mikhail Poltoranin, the information minister, said with Yeltsin's backing, that he would defy parliament.

Golembiovsky was called tothe parliament, where he argued that the editorial staff had acted legally, had not appropriated state property and were merely renting it. But the deputies were not mollified. An example:

Khasbulatov: "How come you get the chance to take part in a discussion for hours on TV about the problems of your paper, which is only of interest to you and those who think like you?"

Golembiovsky: "Ruslan Imranovich, you well know that I don't run the TV. They asked me so I went."

Khasbulatov: "Well, that's clear. They asked you. And why did they *ask you? Why not some of the deputies* who have been concerned with this for months? Its clear why they asked you – because you've waged war on the Russian government."

Golembiovsky: "That's not true..."

Another deputy complained: "A group of us deputies from Kabardino-Balkaria tried for three months to get you to publish our view of the inter-ethnic relations in the Northern Caucasus. You refused: why?"

The debate clearly had elements of farce. But beyond the farce is a threat. Hardly one of the Russian papers is actually free of the state: most – including *Izvestia* – receive millions of roubles of state support each year: even those which are supposedly independent must print on state-owned presses and get state-allocated paper.

Yeltsin *seems to have supported* the new press, without demanding sycophancy as his price: but there is little in the way of institutions, or of tradition, to stop him changing his mind.

Golembiovsky says: "The press is the only democratic institution in Russia now, and it is weak. The traditions left to us by the Soviet period are servile: we must reach back to the 19th century, when there were papers which did express themselves freely".

Nor is the state the only threat. Many of the "business" papers are owned by the new commercial institutions, especially the commodity and stock exchanges: they are hardly to be expected to be critical of these institutions, which is why the formerly Communist journals such as *Literaturnaya Gazeta* do most to expose business corruption. But bribery of journalists is widespread.

Russia's press, after its liberation from the Communist Party, has shown diversity. Liberal papers like *Nezavisimaya* and *Commersant* jostle with the still-Communist *Pravda*, the nationalistic *Sovetskaya Rossiya* and the near-fascist *Dyen*. Indeed, it contrasts well with the press of other former Soviet republics.

But it *is* fragile. Golembiovsky says he has been heavily criticised recently for printing the Ukrainian or other republics' points of view when he should be a Russian paper.

He says: "There is going to be a huge struggle for power in the autumn; the government will be under attack; there will be a fight over a new constitution. The economic situation will be worse: there will be a real threat of authoritarian rule. The press is in danger".

Threat from space

Michael Thompson-Noel

I EXPECT you think I was wrong-footed by Ross Perot's withdrawal from the race for the White House, but in that you would be wrong. For those who have been visiting Mars, I was recruited, just *last month*, as the London-based member of the Committee To Elect Ross Perot. I was exceedingly well paid. Ross Perot liked me, asked me to fly to Dallas, was constantly amazed at the richness of the data I faxed from London.

When Perot withdrew from the scramble for the presidency, I imagined my life would return to normal. I went on holiday. I joined a luxury barge cruise on the River Saone in Burgundy. But life is never simple. No sooner had Perot withdrawn in ignominy than Bill Clinton phoned from New York to ask me to join *his* campaign team. Wearily, I agreed.

"You were going great guns for Perot," said Clinton soothingly, "so why not switch horses? The Democrats need you. Me and Al need you. We're going right to the wire."

"Are you offering money?" I asked the governor. "Only I'm cruising on the *Napoleon*. We've just left Macon. On a cruise like this the passengers play Monopoly for bearer bonds."

"We can pay you *something*," said Clinton. "But we're not Ross Perot. What we want you to do is cover our backs in Europe and the Middle East. Feed us data. Stuff about Nato. Where is Bosnia-Herzegovina. Is Italy going down the plughole. Nothing you couldn't handle. And we want Big Ideas, Mike. Things to crush Bushie with, especially ahead of the Republican convention. Do you *have* Big Ideas?"

"Of course I do," I mumbled.

"So lay one on me, *Mike*. Hit me with a big one. You're a baby boomer, too, just like me and Al. I'm sure you're on our wavelength.

HAWKS & HANDSAWS

Hit me with a biggie."

I thought furiously. "Here's one," I said. "Back in April I visited the Jet Propulsion Laboratory in Pasadena to research an article about Nasa's Seti programme, its Search for Extraterrestial Intelligence, which starts on October 1. The programme involves a systematic search of the microwave radio spectrum for signals of intelligent origin.

"My article was snappily written. Mega-short sentences. Very Beverly Hills, fast-paced and up-beat. But it was suffused, you might say, with my own conviction that our galaxy pulses with intelligent life, and that the Seti *programme is an entirely* admirable venture."

There was silence from New York.

"Yet now I have changed my mind," I said. "I have changed my mind after talking to my good friend Jared Diamond, author of *The Rise and Fall of the Third Chimpanzee*. We're basically chimps, Mr Clinton. More than 98 per cent of human genes are shared with two species of chimpanzee. In his book, Jared explores the ways in which we are uniquely human yet still influenced by our animal origins.

"Anyways. Jared is excessively worried by Nasa's Seti programme. He finds it mind-boggling that the astronomers now eager to spend $100m on Seti have never thought seriously about the most obvious question: what would happen if we discovered extraterrestrials, or if *they* found *us*. 'Our own experience on Earth offers useful guidance,' says Jared. 'We have already discovered two species that are very intelligent but technically less advanced than us – the common chimpanzee and pygmy chimpanzee. Has our response been to sit down and try to communicate with them? *Of course not.* Instead we shoot them, stuff them, dissect them, cut off their hands for trophies, put them on exhibit in cages, inject them with Aids virus...and destroy or take over their habitat.'

"Mr Clinton," I concluded. "Jared says that for practical purposes we are unique and *alone in the universe*. But he also says it is suicidal folly to try and communicate with the very few civilisations that might exist. 'If there really are any radio civilisations within listening distance of us, then for heaven's sake let's turn off our own transmitters and try to escape detection, or we are doomed,' says Jared.

"So there is your Big Idea. Tell the American people that Seti must be halted; that Bushie, in his ignorance, is endangering the Earth. Tell the people that only the Democrats stand between Earth and invading mobs from *other planets*. What is your current poll lead, 20 points, 25? You could double that, Mr Clinton. As easy as apple pie..."

But the line had gone dead.